

# Georges River Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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*A leading, people-focused organisation delivering  
outstanding results for our community and city.*



# Georges River Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Overview

Georges River Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

Corner MacMahon and Dora Streets  
Hurstville NSW 2220

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.georgesriver.nsw.gov.au](http://www.georgesriver.nsw.gov.au)

# Georges River Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

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#### Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2021.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's infrastructure, property, plant and equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

# Georges River Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)*

**The attached general purpose financial statements have been prepared in accordance with:**

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

**To the best of our knowledge and belief, these statements:**

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**


**Signed in accordance with a resolution of Council made on 27 January 2022.**



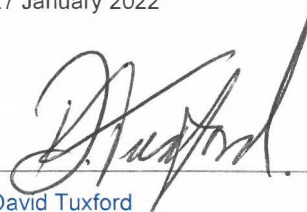
Nick Katris  
**Mayor**  
27 January 2022



Kathryn Landsberry  
**Deputy Mayor**  
27 January 2022



Gail Connolly  
**General Manager**  
27 January 2022



David Tuxford  
**Responsible Accounting Officer**  
27 January 2022

## Georges River Council

### Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Restated Actual 2020
<b>Income from continuing operations</b>				
99,319	Rates and annual charges	B2-1	<b>101,350</b>	96,766
16,628	User charges and fees	B2-2	<b>13,903</b>	14,187
11,385	Other revenue	B2-3	<b>12,604</b>	10,489
10,975	Grants and contributions provided for operating purposes	B2-4	<b>11,882</b>	12,508
20,766	Grants and contributions provided for capital purposes	B2-4	<b>20,642</b>	24,202
2,190	Interest and investment income	B2-5	<b>1,968</b>	2,699
–	Other income	B2-6	<b>547</b>	1,640
5,000	Net gains from the disposal of assets	B4-1	<b>3,097</b>	195
166,263	<b>Total income from continuing operations</b>		<b>165,993</b>	162,686
<b>Expenses from continuing operations</b>				
59,500	Employee benefits and on-costs	B3-1	<b>59,424</b>	58,760
60,303	Materials and services	B3-2	<b>59,836</b>	62,613
55	Borrowing costs	B3-3	<b>21</b>	41
24,014	Depreciation, amortisation and impairment for non-financial assets	B3-4	<b>41,270</b>	30,900
4,250	Other expenses	B3-5	<b>3,331</b>	3,508
148,122	<b>Total expenses from continuing operations</b>		<b>163,882</b>	155,822
<b>18,141</b>	<b>Operating result from continuing operations</b>		<b>2,111</b>	<b>6,864</b>
<b>18,141</b>	<b>Net operating result for the year attributable to Council</b>		<b>2,111</b>	<b>6,864</b>
<b>(3,225)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(18,531)</b>	<b>(17,338)</b>

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

## Georges River Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	Restated 2020
<b>Net operating result for the year – from Income Statement</b>		<b>2,111</b>	<b>6,864</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>(487)</u>	<u>6,371</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(487)</b>	<b>6,371</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Correction of prior period error		<u>–</u>	<u>(39)</u>
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>–</b>	<b>(39)</b>
<b>Total other comprehensive income for the period</b>		<b>(487)</b>	<b>6,332</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>1,624</b>	<b>13,196</b>

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

## Georges River Council

### Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	Restated 2020	Restated 1 July 2019 <sup>1</sup>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	24,744	24,583	18,211
Investments	C1-2	94,534	81,574	108,502
Receivables	C1-4	10,636	10,712	10,169
Inventories	C1-5	84	113	155
Other		956	731	455
<b>Total current assets</b>		<b>130,954</b>	<b>117,713</b>	<b>137,492</b>
<b>Non-current assets</b>				
Investments	C1-2	41,013	39,000	40,000
Infrastructure, property, plant and equipment	C1-6	1,360,812	1,372,325	1,342,513
Investment property	C1-7	20,000	19,310	17,660
Intangible Assets	C1-8	901	1,226	1,362
Right of use assets	C2-1	119	162	–
<b>Total non-current assets</b>		<b>1,422,845</b>	<b>1,432,023</b>	<b>1,401,535</b>
<b>Total assets</b>		<b>1,553,799</b>	<b>1,549,736</b>	<b>1,539,027</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	25,942	25,271	23,492
Contract liabilities	C3-2	7,663	1,609	596
Lease liabilities	C2-1	42	42	–
Borrowings	C3-3	500	500	500
Employee benefit provisions	C3-4	14,382	13,934	–
Provisions	C3-5	770	356	14,262
<b>Total current liabilities</b>		<b>49,299</b>	<b>41,712</b>	<b>38,850</b>
<b>Non-current liabilities</b>				
Contract liabilities	C3-2	–	4,653	–
Lease liabilities	C2-1	76	118	–
Borrowings	C3-3	125	625	1,125
Employee benefit provisions	C3-4	609	567	–
Provisions	C3-5	13	8	431
<b>Total non-current liabilities</b>		<b>823</b>	<b>5,971</b>	<b>1,556</b>
<b>Total liabilities</b>		<b>50,122</b>	<b>47,683</b>	<b>40,406</b>
<b>Net assets</b>		<b>1,503,677</b>	<b>1,502,053</b>	<b>1,498,621</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	1,394,601	1,392,490	1,394,910
IPPE revaluation reserve	C4-1	109,076	109,563	103,711
<b>Council equity interest</b>		<b>1,503,677</b>	<b>1,502,053</b>	<b>1,498,621</b>
<b>Total equity</b>		<b>1,503,677</b>	<b>1,502,053</b>	<b>1,498,621</b>

(1) The restatement comparatives above exclude the application of AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. The Council has not restated the comparative information prepared under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions, AASB 117 Leases and related Accounting Interpretations

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

## Georges River Council

### Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus Restated	IPPE revaluation reserve Restated	Total equity Restated
<b>\$ '000</b>							
Opening balance at 1 July		1,424,085	110,082	1,534,167	1,419,106	103,711	1,522,817
Correction of prior period errors	F4-1	(31,595)	(519)	(32,114)	(23,741)	(480)	(24,221)
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(9,739)	-	(9,739)
<b>Restated opening balance</b>		<b>1,392,490</b>	<b>109,563</b>	<b>1,502,053</b>	<b>1,385,626</b>	<b>103,231</b>	<b>1,488,857</b>
Net operating result for the year		2,111	-	2,111	14,718	-	14,718
Correction of prior period errors	F4-1	-	-	-	(7,854)	-	(7,854)
<b>Restated net operating result for the period</b>		<b>2,111</b>	<b>-</b>	<b>2,111</b>	<b>6,864</b>	<b>-</b>	<b>6,864</b>
<b>Other comprehensive income</b>							
Correction of prior period errors	F4-1	-	-	-	-	(39)	(39)
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	(487)	(487)	-	6,371	6,371
<b>Other comprehensive income</b>		<b>-</b>	<b>(487)</b>	<b>(487)</b>	<b>-</b>	<b>6,332</b>	<b>6,332</b>
<b>Total comprehensive income</b>		<b>2,111</b>	<b>(487)</b>	<b>1,624</b>	<b>6,864</b>	<b>6,332</b>	<b>13,196</b>
<b>Closing balance at 30 June</b>		<b>1,394,601</b>	<b>109,076</b>	<b>1,503,677</b>	<b>1,392,490</b>	<b>109,563</b>	<b>1,502,053</b>

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



## Georges River Council

### Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Restated Actual 2020
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
88,144	Rates and annual charges		101,010	96,179
16,527	User charges and fees		13,644	14,926
2,622	Investment and interest revenue received		1,939	3,994
32,454	Grants and contributions		34,225	31,225
9,082	Other		12,985	10,549
<i>Payments:</i>				
(60,104)	Employee benefits and on-costs		(58,787)	(55,970)
(64,059)	Materials and services		(60,620)	(64,659)
(55)	Borrowing costs		(21)	(41)
–	Bonds, deposits and retention amounts refunded		(321)	(780)
(1,259)	Other		(790)	(744)
<u>23,352</u>	<b>Net cash flows from operating activities</b>	F1-1	<u>43,264</u>	<u>34,679</u>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investment securities		66,384	87,291
5,000	Sale of infrastructure, property, plant and equipment		10,715	906
<i>Payments:</i>				
–	Purchase of investment securities		(57,042)	(59,391)
–	Acquisition of term deposits		(24,013)	–
–	Purchase of investment property		(143)	(10)
(40,529)	Purchase of infrastructure, property, plant and equipment		(38,370)	(56,292)
–	Purchase of intangible assets		(92)	(278)
<u>(35,529)</u>	<b>Net cash flows from investing activities</b>		<u>(42,561)</u>	<u>(27,774)</u>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(500)	Repayment of borrowings		(500)	(500)
–	Principal component of lease payments		(42)	(33)
<u>(500)</u>	<b>Net cash flows from financing activities</b>		<u>(542)</u>	<u>(533)</u>
<u>(12,677)</u>	<b>Net change in cash and cash equivalents</b>		<u>161</u>	<u>6,372</u>
23,000	Cash and cash equivalents at beginning of year		24,583	18,211
<u>10,323</u>	<b>Cash and cash equivalents at end of year</b>	C1-1	<u>24,744</u>	<u>24,583</u>
120,338	plus: Investments on hand at end of year	C1-2	135,547	120,574
<u>130,661</u>	<b>Total cash, cash equivalents and investments</b>		<u>160,291</u>	<u>145,157</u>

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

# Georges River Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 27 January 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

#### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

#### **Coronavirus (COVID-19) impact**

The global health crisis from the COVID-19 virus has had a significant impact on Council's operations which has been reflected in the financial statements. A number of facilities, services and events were significantly affected during the period of pandemic restrictions which resulted in reduced revenues and put a strain on cash flow. The financial difficulty experienced by many ratepayers led to a higher than normal level of outstanding collections for the financial year.

Council has determined that COVID-19 does not create a material uncertainty to the extent that it casts significant doubt upon Council's ability to continue as a going concern.

#### **Critical accounting estimates and assumptions**

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

- (i) estimated fair values of investment properties – refer Note C1-7;
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6;
- (iii) employee benefit provisions – refer Note C3-4.

#### **Significant judgements in applying the Council's accounting policies**

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

## A1-1 Basis of preparation (continued)

### Monies and other assets received by Council

#### The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations

#### Goods and Services Tax (GST)

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

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

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

#### New accounting standards and interpretations issued not yet effective

##### New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

#### Comparative figures

Council has updated the presentation and classification of certain items within the financial statements. Current year and previous year comparative figures have been repositioned in:

- the Income Statement
  - Certain items in "Other expenses", and all "Materials and contracts", have been moved into a new category "Materials and services".
  - "Fair value increment on investment properties" has been moved into "Other Income".
  - "Revaluation decrement / impairment of IPP&E" has been moved into "Depreciation, amortisation and impairment"
- the Statement of Financial Position
  - "Income received in advance" has been moved into "Contract liabilities".
  - "Employee benefit provisions" have been moved out of "Provisions" and into their own category.

These changes were made to adhere to the Local Government Code of Accounting Practice and Financial Reporting 2020/21.

#### New accounting standards adopted during the year

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

## B Financial Performance

### B1 Functions or activities

#### B1-1 Functions or activities – income, expenses and assets

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions or activities</b>										
A HARMONIOUS AND PROUD COMMUNITY WITH STRONG SOCIAL SERVICES AND INFRASTRUCTURE	16,284	13,835	23,737	24,266	(7,453)	(10,431)	4,784	4,636	5,582	6,760
QUALITY, WELL PLANNED DEVELOPMENT	2,771	2,815	6,027	5,868	(3,256)	(3,053)	–	11	77,959	79,295
A DIVERSE AND PRODUCTIVE ECONOMY	22,116	20,782	8,121	8,559	13,995	12,223	14,106	14,415	42,686	33,422
A PROTECTED ENVIRONMENT AND GREEN OPEN SPACES	33,289	31,791	35,067	34,313	(1,778)	(2,522)	2,914	3,852	107,182	104,661
LEADERSHIP AND TRANSPARENCY	78,069	76,096	68,406	58,567	9,663	17,529	4,873	4,668	34,333	25,922
ACTIVE AND ACCESSIBLE PLACES AND SPACES	13,464	17,367	22,524	24,249	(9,060)	(6,882)	5,847	9,128	1,286,057	1,299,676
<b>Total functions and activities</b>	<b>165,993</b>	<b>162,686</b>	<b>163,882</b>	<b>155,822</b>	<b>2,111</b>	<b>6,864</b>	<b>32,524</b>	<b>36,710</b>	<b>1,553,799</b>	<b>1,549,736</b>

## B1-2 Components of functions or activities

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Details relating to the Council's functions or activities as reported in B1-1 are as follows:

### A HARMONIOUS AND PROUD COMMUNITY WITH STRONG SOCIAL SERVICES AND INFRASTRUCTURE

- We create and support events that celebrate community and cultural identity and benefit the economy.
- Affordable and quality housing options are available.
- The community is socially and culturally connected.
- Diverse, vibrant community facilities and spaces are connected, well maintained and accessible.
- The community is safe and healthy.

### QUALITY, WELL PLANNED DEVELOPMENT

- Sustainable development delivers better amenity and liveability of the community and the environment.
- The community helps to plan the LGA's future.
- Council-led development and assets provide quality, long-term benefits to everyone.

### A DIVERSE AND PRODUCTIVE ECONOMY

- Local businesses are supported to help protect jobs and create employment opportunities.
- Outcomes from an Employment Lands Study ensure sufficient land is available for future employment growth.
- The ambitions for Hurstville and Kogarah as strategic centres are realised.

### A PROTECTED ENVIRONMENT AND GREEN OPEN SPACES

- Council's environmentally sustainable practices inspire everyone to protect and nurture the natural environment.
- The LGA's waterways are healthy and accessible.
- Everyone has access to beautiful parks and open spaces.
- Local heritage is protected and promoted.

### LEADERSHIP AND TRANSPARENCY

- The community is involved and listened to.
- Open, informed and transparent decision-making supports the interests of the community.
- Leadership focuses on innovation and improving the customer experience.
- Council's assets and resources are managed responsibly and with accountability.
- The workforce is inspiring, diverse and engaged.
- Council has a regional-approach to service delivery and facilities.

### ACTIVE AND ACCESSIBLE PLACES AND SPACES

- The LGA has a range of transport options to connect people, goods and businesses.
- Roads, footpaths and cycleways are safe, accessible and free of congestion.
- Everyone, including people with disability, navigates the LGA in safety.
- Everyone has access to a range of active and passive recreation facilities.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	61,239	59,419
Business	10,558	9,932
Less: pensioner rebates	(1,246)	(1,278)
<b>Rates levied to ratepayers</b>	<b>70,551</b>	<b>68,073</b>
Pensioner rate subsidies received	683	708
<b>Total ordinary rates</b>	<b>71,234</b>	<b>68,781</b>
<b>Special rates</b>		
Town improvement	696	670
<b>Rates levied to ratepayers</b>	<b>696</b>	<b>670</b>
<b>Total special rates</b>	<b>696</b>	<b>670</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	26,555	25,584
Stormwater management services	1,202	1,195
Waste management services (non-domestic)	1,827	1,758
Section 611 charges	79	83
Less: pensioner rebates	(530)	(1,594)
<b>Annual charges levied</b>	<b>29,133</b>	<b>27,026</b>
Pensioner subsidies received:		
– Domestic waste management	287	289
<b>Total annual charges</b>	<b>29,420</b>	<b>27,315</b>
<b>Total rates and annual charges</b>	<b>101,350</b>	<b>96,766</b>

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

#### Accounting policy

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

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

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



## B2-2 User charges and fees

\$ '000	2021	2020
<b>Specific user charges</b>		
(per s.502 - specific 'actual use' charges)		
Waste management services (non-domestic)	57	68
<b>Total specific user charges</b>	<b>57</b>	<b>68</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Planning and building regulation	3,989	3,971
Regulatory fees	719	536
Section 10.7 certificates (EP&A Act)	413	323
Section 603 certificates	225	191
<b>Total fees and charges – statutory/regulatory</b>	<b>5,346</b>	<b>5,021</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Child care	2,490	2,034
Leaseback fees – Council vehicles	439	465
Leisure centre	–	1,011
Restoration charges	1,700	3,024
Golf course	542	622
Library	47	62
Parks income	1,296	514
Public halls	489	501
Tennis courts	82	124
Other - Jubilee oval ticket sales	1,289	542
Other	126	199
<b>Total fees and charges – other</b>	<b>8,500</b>	<b>9,098</b>
<b>Total user charges and fees</b>	<b>13,903</b>	<b>14,187</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time (1)	5,329	4,328
User charges and fees recognised at a point in time (2)	8,574	9,859
<b>Total user charges and fees</b>	<b>13,903</b>	<b>14,187</b>

### Accounting policy

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

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

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

**B2-3 Other revenue**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Rental income – investment property	1,737	1,884
Rental income – other council properties	2,966	2,300
Fines	549	396
Fines – parking	5,606	3,843
Legal fees recovery – rates and charges (extra charges)	185	165
Legal fees recovery – other	278	380
Commissions and agency fees	503	351
Diesel rebate	29	119
Insurance claims recoveries	125	406
Sponsorships	131	222
Other	495	423
<b>Total other revenue</b>	<b>12,604</b>	<b>10,489</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised over time (1)	4,920	4,406
Other revenue recognised at a point in time (2)	7,684	6,083
<b>Total other revenue</b>	<b>12,604</b>	<b>10,489</b>

**Accounting policy for other revenue**

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

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

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

**B2-4 Grants and contributions**

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance	2,195	2,161	-	-
<b>Payment in advance - future year allocation</b>				
Financial assistance	2,350	2,290	-	-
<b>Amount recognised as income during current year</b>	<b>4,545</b>	<b>4,451</b>	<b>-</b>	<b>-</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
<b>Previously specific grants:</b>				
Child care	3,678	3,328	-	-
Environmental programs	166	153	-	100
Library	463	388	27	289
LIRS subsidy	22	49	-	-
Waste management	170	155	-	-
Parks	30	17	2,738	4,458
Stronger communities fund	-	-	921	4,164
Community services	65	46	-	-
Street lighting	342	342	-	-
Transport (roads to recovery)	710	710	-	-
Transport (other roads and bridges funding)	55	58	-	-
Other specific grants	600	2,273	368	90
<b>Previously contributions:</b>				
Kerb and gutter	-	-	2	-
Transport for NSW contributions (regional roads, block grant)	462	484	1,474	1,250
Other contributions	21	22	-	36
Contributions to legal and consultant fees	-	32	-	-
Parks – contribution by sporting club	-	-	280	312
Other voluntary planning agreements	-	-	2	-
DCP and LEP Strategic Planning	553	-	-	-
Local Road and Community Infrastructure Grant	-	-	1,280	-
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>7,337</b>	<b>8,057</b>	<b>7,092</b>	<b>10,699</b>
<b>Non-cash contributions</b>				
Recreation and culture	-	-	-	467
<b>Total other contributions – non-cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>467</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>7,337</b>	<b>8,057</b>	<b>7,092</b>	<b>11,166</b>
<b>Total grants and non-developer contributions</b>	<b>11,882</b>	<b>12,508</b>	<b>7,092</b>	<b>11,166</b>
<b>Comprising:</b>				
– Commonwealth funding	5,097	5,298	4,015	1,064
– State funding	6,724	6,642	2,850	8,007
– Other funding	61	568	227	2,095
	<b>11,882</b>	<b>12,508</b>	<b>7,092</b>	<b>11,166</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	<b>Operating 2021</b>	Operating 2020	<b>Capital 2021</b>	Capital 2020
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	F5				
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements		–	–	4,656	143
S 7.11 – contributions towards amenities/services		–	–	8,614	12,893
Other developer contributions		–	–	280	–
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>13,550</b>	<b>13,036</b>
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>13,550</b>	<b>13,036</b>
<b>Total contributions</b>		<b>–</b>	<b>–</b>	<b>13,550</b>	<b>13,036</b>
<b>Total grants and contributions</b>		<b>11,882</b>	<b>12,508</b>	<b>20,642</b>	<b>24,202</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time (1)		7,338	8,057	7,146	10,699
Grants and contributions recognised at a point in time (2)		4,544	4,451	13,496	13,503
<b>Total grants and contributions</b>		<b>11,882</b>	<b>12,508</b>	<b>20,642</b>	<b>24,202</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants</b>				
Unspent funds at 1 July	688	921	946	797
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	661	531	2,658	682
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(550)	(764)	(702)	(533)
<b>Unspent funds at 30 June</b>	<b>799</b>	<b>688</b>	<b>2,902</b>	<b>946</b>
<b>Contributions</b>				
Unspent funds at 1 July	–	–	75,114	75,662
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	13,550	12,796
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(15,714)	(13,344)
<b>Unspent contributions at 30 June</b>	<b>–</b>	<b>–</b>	<b>72,950</b>	<b>75,114</b>

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

#### Capital grants

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

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

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

#### Developer contributions

## B2-4 Grants and contributions (continued)

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Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

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

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

### **Other grants and contributions**

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

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

## B2-5 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	128	201
– Cash and investments	1,692	2,419
<b>Fair value adjustments</b>		
– Movements in investments at fair value through profit and loss	148	79
<b>Total interest and investment income (losses)</b>	<b>1,968</b>	<b>2,699</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	90	142
General Council cash and investments	675	951
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	711	939
– Section 7.4 VPAs	117	166
Domestic waste management operations	287	374
Other externally restricted assets Town Improvement Rates	36	43
Other externally restricted assets Stormwater Management	2	3
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	50	81
<b>Total interest and investment income</b>	<b>1,968</b>	<b>2,699</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2021	2020
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		547	1,640
<b>Total fair value increment on investment properties</b>	C1-7	<b>547</b>	<b>1,640</b>
<b>Total other income</b>		<b>547</b>	<b>1,640</b>

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	47,926	47,309
Employee termination costs (where material – other than vested leave paid)	800	1,231
Travel expenses	543	492
Employee leave entitlements (ELE)	4,441	4,886
Superannuation	4,408	4,151
Superannuation – defined benefit plans	893	932
Workers' compensation insurance	1,196	760
Fringe benefit tax (FBT)	118	93
Training costs (other than salaries and wages)	420	550
Other	72	–
<b>Total employee costs</b>	<b>60,817</b>	<b>60,404</b>
Less: capitalised costs	(1,393)	(1,644)
<b>Total employee costs expensed</b>	<b>59,424</b>	<b>58,760</b>
Number of 'full-time equivalent' employees (FTE) at year end	561	580

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

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



## B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		2,241	2,253
Contractor and consultancy costs – waste services		22,062	21,769
Contractor and consultancy costs – contractors (various services)		9,979	9,799
Contractor and consultancy costs – consultancy costs		2,966	5,049
Audit Fees	E2-1	121	119
Councillor and Mayoral fees and associated expenses	E1-2	526	522
Advertising		158	236
Bank charges		81	69
Electricity and heating		1,002	1,222
Insurance		1,429	1,296
Postage		284	301
Printing and stationery		374	484
Street lighting		1,838	1,878
Telephone and communications		467	347
Valuation fees		317	364
Other expenses		213	200
Catering food and beverage		222	299
Commission charges		1,079	736
Exhibitions, festivals and events		772	1,124
Property expenses – utilities		906	1,183
Property expenses – other		5,096	5,610
Memberships and subscriptions		485	570
Other recruitment and staff well being		54	90
<b>Legal expenses:</b>			
– Legal expenses: planning and development		76	106
– Legal expenses: other		2,397	1,803
Expenses from leases of low value assets		277	186
IT expenses		2,508	2,716
Motor vehicle expenses		1,163	1,116
Other maintenance of assets		118	218
Other		625	948
<b>Total materials and services</b>		<b>59,836</b>	<b>62,613</b>
<b>Total materials and services</b>		<b>59,836</b>	<b>62,613</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	2021	2020
<b>(i) Interest bearing liability costs</b>		
Interest on leases	2	2
Interest on loans	19	39
<b>Total interest bearing liability costs</b>	<b>21</b>	<b>41</b>
<b>Total interest bearing liability costs expensed</b>	<b>21</b>	<b>41</b>
<b>Total borrowing costs expensed</b>	<b>21</b>	<b>41</b>

### Accounting policy

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

## B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		2,328	2,146
Office equipment		556	558
Furniture and fittings		228	257
<b>Infrastructure:</b>			
	C1-6		
– Buildings – non-specialised		2,557	2,208
– Buildings – specialised		2,711	2,687
– Roads		7,723	7,711
– Footpaths		1,346	1,338
– Stormwater drainage		1,339	1,303
– Open space and other structures		4,551	3,590
Right of use assets	C2-1	43	31
<b>Other assets:</b>			
– Library books		363	552
– Other		(3)	14
Intangible assets	C1-8	417	414
<b>Total gross depreciation and amortisation costs</b>		<b>24,159</b>	<b>22,809</b>
<b>Total depreciation and amortisation costs</b>		<b>24,159</b>	<b>22,809</b>
<b>Impairment / revaluation decrement of IPPE</b>			
Community land		6,985	3,526
Council controlled land		–	1,044
<b>Infrastructure:</b>			
	C1-6		
– Buildings – non-specialised		5,769	3,309
– Open space and other structures		4,357	212
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>17,111</b>	<b>8,091</b>
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>17,111</b>	<b>8,091</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>41,270</b>	<b>30,900</b>

### Accounting policy

#### Depreciation and amortisation

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

#### Impairment of non-financial assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

**B3-5 Other expenses**

<b>\$ '000</b>	Notes	<b>2021</b>	2020
<b>Impairment of receivables</b>			
Other		<b>(95)</b>	202
<b>Total impairment of receivables</b>	C1-4	<b>(95)</b>	<b>202</b>
<b>Other</b>			
Contributions/levies to other levels of government		–	–
– Department of planning levy		<b>308</b>	303
– Emergency services levy (includes FRNSW, SES, and RFS levies)		<b>2,362</b>	2,201
– Other contributions/levies		<b>1</b>	34
Donations, contributions and assistance to other organisations (Section 356)		<b>755</b>	768
<b>Total other</b>		<b>3,426</b>	<b>3,306</b>
<b>Total other expenses</b>		<b>3,331</b>	<b>3,508</b>

**Accounting policy**

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

Impairment expenses are recognised when identified.

**B4 Gains or losses****B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	2021	2020
<b>Gain (or loss) on disposal of property (excl. investment property)</b>		
Proceeds from disposal – property	1,269	–
Less: carrying amount of property assets sold/written off	(1,205)	–
<b>Gain (or loss) on disposal</b>	<b>64</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>		
Proceeds from disposal – plant and equipment	411	849
Less: carrying amount of plant and equipment assets sold/written off	(202)	(492)
<b>Gain (or loss) on disposal</b>	<b>209</b>	<b>357</b>
<b>Gain (or loss) on disposal of investments</b>		
Proceeds from disposal/redemptions/maturities – investments	66,384	87,291
Less: carrying amount of investments sold/redeemed/matured	(66,230)	(87,398)
<b>Gain (or loss) on disposal</b>	<b>154</b>	<b>(107)</b>
<b>Office Equipment</b>		
Proceeds from disposal – Office equipment	3	–
Less: carrying amount of Office equipment assets sold/written off	–	–
<b>Gain (or loss) on disposal</b>	<b>3</b>	<b>–</b>
<b>Library Collection</b>		
Proceeds from disposal – Library collection	–	–
Less: carrying amount of Library collection assets sold/written off	(76)	(55)
<b>Gain (or loss) on disposal</b>	<b>(76)</b>	<b>(55)</b>
<b>Land</b>		
Proceeds from disposal – Land	9,032	57
Less: carrying amount of Land assets sold/written off	(6,289)	(57)
<b>Gain (or loss) on disposal</b>	<b>2,743</b>	<b>–</b>
<b>Net gain (or loss) on disposal of assets</b>	<b>3,097</b>	<b>195</b>

**Accounting policy**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 22/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----		
<b>REVENUES</b>					
<b>Rates and annual charges</b>	99,319	101,350	2,031	2%	<b>F</b>
<b>User charges and fees</b>	16,628	13,903	(2,725)	(16)%	<b>U</b>
The negative variance is largely due to the impact that the COVID-19 lockdowns have had on Council. In particular, Council's Leisure Centre and Restorations income.					
<b>Other revenues</b>	11,385	12,604	1,219	11%	<b>F</b>
The positive variance is largely due to the material increase in Parking fine income. The department had no staff vacancies this year and has implemented new technology, and the use of vehicles, which has increased the volume of fines issued.					
<b>Operating grants and contributions</b>	10,975	11,882	907	8%	<b>F</b>
<b>Capital grants and contributions</b>	20,766	20,642	(124)	(1)%	<b>U</b>
<b>Interest and investment revenue</b>	2,190	1,968	(222)	(10)%	<b>U</b>
<b>Net gains from disposal of assets</b>	5,000	3,097	(1,903)	(38)%	<b>U</b>
The variance is largely due to the timing of when properties are due to settle.					
<b>Other income</b>	-	547	547	∞	<b>F</b>

**B5-1 Material budget variations (continued)**

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>EXPENSES</b>				
Employee benefits and on-costs	59,500	59,424	76	0% <b>F</b>
Materials and services	60,303	59,836	467	1% <b>F</b>
Borrowing costs	55	21	34	62% <b>F</b>
Depreciation, amortisation and impairment of non-financial assets	24,014	41,270	(17,256)	(72)% <b>U</b>
The variance is due the revaluation decrements through the Profit and loss as a result of the annual asset valuations.				
Other expenses	4,250	3,331	919	22% <b>F</b>
The positive variance is largely due to the reduction in the impairment of receivables.				
<b>STATEMENT OF CASH FLOWS</b>				
Cash flows from operating activities	23,352	43,264	19,912	85% <b>F</b>
Cash flows from investing activities	(35,529)	(42,561)	(7,032)	20% <b>U</b>
The sale and purchase of investment securities is difficult to estimate as they are based on forecasts prior to year-end actuals being finalised and therefore only a notional amount is included in the original cash flow budget.				
Cash flows from financing activities	(500)	(542)	(42)	8% <b>U</b>

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	13,677	8,148
Cash-equivalent assets		
– Deposits at call	11,067	16,435
<b>Total cash and cash equivalents</b>	<b>24,744</b>	<b>24,583</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	24,744	24,583
<b>Balance as per the Statement of Cash Flows</b>	<b>24,744</b>	<b>24,583</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Managed funds	–	–	6,379	–
Floating Rate Notes (with maturities > 3 months)	31,534	–	34,195	–
<b>Total</b>	<b>31,534</b>	<b>–</b>	<b>40,574</b>	<b>–</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	63,000	41,013	41,000	39,000
<b>Total</b>	<b>63,000</b>	<b>41,013</b>	<b>41,000</b>	<b>39,000</b>
<b>Total financial investments</b>	<b>94,534</b>	<b>41,013</b>	<b>81,574</b>	<b>39,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>119,278</b>	<b>41,013</b>	<b>106,157</b>	<b>39,000</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

- amortised cost
- fair value through profit and loss (FVTPL)

## C1-2 Financial investments (continued)

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Financial assets are not reclassified subsequent to their initial recognition.

### **Amortised cost**

Assets measured at amortised cost are financial assets where:

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

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

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

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

### **Financial assets through profit or loss**

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in Floating Rate Notes (FRNs) and Negotiable Certificate of Deposits (NCDs) in the Statement of Financial Position.



## C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	<b>119,278</b>	<b>41,013</b>	106,157	39,000
<b>attributable to:</b>				
External restrictions	<b>62,705</b>	<b>41,013</b>	63,013	39,000
Internal restrictions	<b>49,357</b>	–	43,116	–
Unrestricted	<b>7,216</b>	–	28	–
	<b>119,278</b>	<b>41,013</b>	106,157	39,000

\$ '000	2021	2020
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### Details of restrictions

#### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	<b>3,701</b>	1,636
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#### External restrictions – included in liabilities

	<b>3,701</b>	1,636
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#### External restrictions – other

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

Developer contributions – general	<b>73,720</b>	75,054
Environmental and stormwater levies	<b>1,356</b>	606
Town improvement levy	<b>3,402</b>	2,932
Special rate levy	<b>1,203</b>	176
Domestic waste management	<b>20,336</b>	21,609
<b>External restrictions – other</b>	<b>100,017</b>	100,377
<b>Total external restrictions</b>	<b>103,718</b>	102,013

#### Internal restrictions

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

Plant and vehicle replacement	<b>6,877</b>	4,158
Employees leave entitlement	<b>6,126</b>	6,561
Deposits, retentions and bonds	<b>4,240</b>	4,240
Childcare equipment	<b>1,014</b>	1,209
Election reserve	<b>1,623</b>	1,273
Hurstville golf course	<b>82</b>	127
Asset management	<b>3,702</b>	6,365
Commercial property	<b>11,505</b>	1,959
Strategic centres	<b>5,743</b>	5,742
Financial assistance grant	<b>2,350</b>	2,290
Revolving Energy	<b>32</b>	44
Tree Preservation	<b>535</b>	452
Stronger communities fund	<b>3,672</b>	4,593
Aquatic facilities	<b>115</b>	1,312
Merger Initiatives Allocation	<b>1,388</b>	2,767
Outdoor Synthetic Sports Fields	<b>124</b>	24
Heritage Building Grants Program	<b>77</b>	–
Street Lighting	<b>152</b>	–
<b>Total internal restrictions</b>	<b>49,357</b>	43,116
<b>Total restrictions</b>	<b>153,075</b>	145,129

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

## C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
Rates and annual charges	4,233	-	3,863	-
Interest and extra charges	480	-	397	-
User charges and fees	2,707	-	2,243	-
Contributions to works	1	-	1	-
Accrued revenues				
– Interest on investments	337	-	539	-
– Other income accruals	599	-	1,148	-
Government grants and subsidies	1,695	-	2,200	-
Net GST receivable	1,199	-	861	-
Other debtors	2	-	172	-
<b>Total</b>	<b>11,253</b>	<b>-</b>	<b>11,424</b>	<b>-</b>
<b>Less: provision of impairment</b>				
Debtors	(617)	-	(712)	-
<b>Total provision for impairment – receivables</b>	<b>(617)</b>	<b>-</b>	<b>(712)</b>	<b>-</b>
<b>Total net receivables</b>	<b>10,636</b>	<b>-</b>	<b>10,712</b>	<b>-</b>
<b>Externally restricted receivables</b>				
Domestic waste management	1,163	-	972	-
Town improvement	27	-	38	-
Stormwater management	22	-	54	-
<b>Total external restrictions</b>	<b>1,212</b>	<b>-</b>	<b>1,064</b>	<b>-</b>
<b>Unrestricted receivables</b>	<b>9,424</b>	<b>-</b>	<b>9,648</b>	<b>-</b>
<b>Total net receivables</b>	<b>10,636</b>	<b>-</b>	<b>10,712</b>	<b>-</b>

\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	712	538
+ new provisions recognised during the year	260	242
– amounts provided for but recovered during the year	(355)	(68)
<b>Balance at the end of the year</b>	<b>617</b>	<b>712</b>

## C1-4 Receivables (continued)

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### Accounting policy

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

### Impairment

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

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

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	84	-	113	-
<b>Total inventories at cost</b>	<b>84</b>	<b>-</b>	<b>113</b>	<b>-</b>
<b>Total inventories</b>	<b>84</b>	<b>-</b>	<b>113</b>	<b>-</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>															
Capital work in progress	38,643	–	38,643	8,315	14,200	–	–	–	(24,603)	74	–	–	36,629	–	36,629
Plant and equipment	21,227	(12,398)	8,829	–	970	(207)	(2,328)	–	–	–	–	–	21,327	(14,063)	7,264
Office equipment	5,621	(4,184)	1,437	46	–	–	(556)	–	4	–	–	–	5,671	(4,741)	930
Furniture and fittings	4,157	(2,672)	1,485	–	236	–	(228)	–	182	–	–	–	4,576	(2,899)	1,677
<b>Land:</b>															
– Operational land	214,951	–	214,951	–	1,265	(6,019)	–	–	–	(891)	–	7,925	217,231	–	217,231
– Community land	171,412	–	171,412	–	775	–	–	(6,985)	–	(18,207)	(10,744)	–	136,252	–	136,252
– Council controlled land	6,925	–	6,925	–	–	–	–	–	–	19,024	–	2,201	28,150	–	28,150
– Land under roads (post 30/6/08)	727	–	727	–	–	–	–	–	–	–	–	–	727	–	727
<b>Infrastructure:</b>															
– Buildings – non-specialised	121,619	(36,626)	84,993	1,257	1,849	(1,183)	(2,557)	(5,769)	13,960	(9)	(10,271)	–	121,962	(39,692)	82,270
– Buildings – specialised	145,665	(43,501)	102,164	148	–	–	(2,711)	–	–	(83)	(3,132)	–	143,785	(47,400)	96,385
– Other structures <sup>2</sup>	11,999	(3,581)	8,418	–	–	–	–	–	–	(8,418)	–	–	–	–	–
– Roads	589,633	(176,535)	413,098	5,410	234	–	(7,723)	–	121	–	–	9,005	580,465	(160,319)	420,146
– Footpaths	105,486	(39,555)	65,931	208	485	(4)	(1,346)	–	1,768	–	–	921	109,661	(41,696)	67,965
– Bulk earthworks (non-depreciable)	112,971	–	112,971	–	–	–	–	–	–	–	–	2	112,973	–	112,973
– Stormwater drainage	156,586	(78,321)	78,265	534	6	(4)	(1,339)	–	2,547	–	–	3,581	160,773	(77,183)	83,590
– Open space and other structures <sup>2</sup>	103,377	(42,305)	61,072	771	345	(58)	(4,551)	(4,357)	6,021	8,510	(76)	–	111,929	(44,252)	67,677
<b>Other assets:</b>															
– Library books	3,931	(2,973)	958	–	275	(76)	(363)	–	–	–	–	101	3,429	(2,532)	897
– Other	444	(398)	46	–	–	–	3	–	–	–	–	–	444	(395)	49
<b>Total infrastructure, property, plant and equipment</b>	<b>1,815,374</b>	<b>(443,049)</b>	<b>1,372,325</b>	<b>16,689</b>	<b>20,640</b>	<b>(7,551)</b>	<b>(23,699)</b>	<b>(17,111)</b>	<b>–</b>	<b>–</b>	<b>(24,223)</b>	<b>23,736</b>	<b>1,795,984</b>	<b>(435,172)</b>	<b>1,360,812</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

(2) Open Space and Other Structures asset categories have been merged into the one category as they contain assets of a similar nature.

## C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period									At 30 June 2020		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense Restated	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR) Restated	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
<b>\$ '000</b>															
Capital work in progress	28,245	–	28,245	7,314	17,009	–	–	–	(13,925)	–	–	–	38,643	–	38,643
Plant and equipment	19,008	(11,551)	7,457	–	4,007	(491)	(2,146)	–	–	–	–	–	21,227	(12,398)	8,829
Office equipment	5,346	(3,631)	1,715	74	206	–	(558)	–	–	–	–	–	5,621	(4,184)	1,437
Furniture and fittings	4,123	(2,415)	1,708	10	25	–	(257)	–	–	–	–	–	4,157	(2,672)	1,485
<b>Land:</b>															
– Operational land	209,047	–	209,047	31	–	–	–	–	–	6,114	(241)	–	214,951	–	214,951
– Community land	181,109	–	181,109	–	–	(57)	–	(3,526)	–	(6,114)	–	–	171,412	–	171,412
– Land under roads (post 30/6/08)	727	–	727	–	–	–	–	–	–	–	–	–	727	–	727
– Council controlled land	7,969	–	7,969	–	–	–	–	(1,044)	–	–	–	–	6,925	–	6,925
<b>Infrastructure:</b>															
– Buildings – non-specialised	109,614	(34,761)	74,853	725	11,351	–	(2,208)	(3,309)	–	–	–	3,591	121,619	(36,626)	84,993
– Buildings – specialised	146,248	(42,695)	103,553	–	30	–	(2,687)	–	–	–	(38)	1,321	145,665	(43,501)	102,164
– Other structures	15,836	(6,394)	9,442	–	17	–	–	–	–	–	(353)	–	11,999	(3,581)	8,418
– Roads	589,246	(179,718)	409,528	4,825	553	–	(7,711)	–	–	–	–	5,902	589,633	(176,535)	413,098
– Footpaths	103,824	(38,302)	65,522	2,200	1,663	–	(1,338)	–	–	–	(2,115)	–	105,486	(39,555)	65,931
– Bulk earthworks (non-depreciable)	112,932	–	112,932	–	–	–	–	–	–	–	–	40	112,971	–	112,971
– Stormwater drainage	149,530	(73,861)	75,669	3,495	37	–	(1,303)	–	–	–	–	368	156,586	(78,321)	78,265
– Other open space/recreational assets	79,642	(27,774)	51,868	4,462	10,025	–	(3,590)	(212)	–	–	(2,170)	–	103,377	(42,305)	61,072
<b>Other assets:</b>															
– Library books	4,249	(3,140)	1,109	–	428	(55)	(552)	–	–	–	–	28	3,931	(2,973)	958
– Other	444	(384)	60	–	–	–	(14)	–	–	–	–	–	444	(398)	46
<b>Total infrastructure, property, plant and equipment</b>	<b>1,767,139</b>	<b>(424,626)</b>	<b>1,342,513</b>	<b>23,136</b>	<b>45,351</b>	<b>(603)</b>	<b>(22,364)</b>	<b>(8,091)</b>	<b>(13,925)</b>	<b>–</b>	<b>(4,917)</b>	<b>11,250</b>	<b>1,815,374</b>	<b>(443,049)</b>	<b>1,372,325</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## C1-6 Infrastructure, property, plant and equipment (continued)

### Accounting policy

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

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

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	2 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	2 to 4		
Vehicles	3 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	3 to 30	Buildings: masonry	50 to 200
Other plant and equipment	3 to 20	Buildings: other	15 to 60
		<b>Stormwater assets</b>	
<b>Transportation assets</b>		Drains	80 to 150
Sealed roads: surface	25 to 40	Culverts	20 to 150
Sealed roads: structure	50 to 100	Flood control structures	80 to 100
Unsealed roads	20		
Bridge: concrete	100	<b>Other infrastructure assets</b>	
Bridge: other	50	Bulk earthworks	Infinite
Road pavements	60 to 80	Swimming pools	50 to 75
Kerb, gutter and footpaths	30 to 250	Other open space/recreational assets	5 to 150
		Other infrastructure	5 to 100

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

### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

## C1-7 Investment properties

\$ '000	2021	2020
<b>Owned investment property</b>		
Investment property on hand at fair value	20,000	19,310
<b>Total owned investment property</b>	<b>20,000</b>	<b>19,310</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	19,310	17,660
Net gain/(loss) from fair value adjustments	547	1,640
Other movements	143	10
<b>Closing balance at 30 June</b>	<b>20,000</b>	<b>19,310</b>

### Accounting policy

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

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



## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	4,205	3,927
Accumulated amortisation	(2,979)	(2,565)
<b>Net book value – opening balance</b>	<b>1,226</b>	<b>1,362</b>
<b>Movements for the year</b>		
Purchases	92	278
Amortisation charges	(417)	(414)
<b>Closing values at 30 June</b>		
Gross book value	4,297	4,205
Accumulated amortisation	(3,396)	(2,979)
<b>Total software – net book value</b>	<b>901</b>	<b>1,226</b>
<b>Total intangible assets – net book value</b>	<b>901</b>	<b>1,226</b>

### Accounting policy

#### Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and services, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. Software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

## C2 Leasing activities

### C2-1 Council as a lessee

#### IT equipment

Leases for IT equipment are generally for low value assets, except for significant items such as photocopiers and servers. The leases are for between 2 and 5 years, the payments are fixed, and there is a renewal option. Due to advances in technology, it is unlikely that Council would renew the leases at the end of the term.

#### (a) Right of use assets

\$ '000	IT Equipment	Total
<b>2021</b>		
Opening balance at 1 July	162	162
Depreciation charge	(43)	(43)
<b>Balance at 30 June</b>	<b>119</b>	<b>119</b>
<b>2020</b>		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	62	62
Additions to right-of-use assets	131	131
Depreciation charge	(31)	(31)
<b>Balance at 30 June</b>	<b>162</b>	<b>162</b>

#### (b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities <sup>1</sup>	42	76	42	118
<b>Total lease liabilities</b>	<b>42</b>	<b>76</b>	<b>42</b>	<b>118</b>

(1) All lease liabilities are in relation to IT equipment right of use assets

#### (c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	Total	Total per Statement of Financial Position
<b>2021</b>				
Cash flows	42	76	118	118
<b>2020</b>				
Cash flows	42	118	160	160

#### (d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	2	2
Depreciation of right of use assets	43	31
Expenses relating to low-value leases	277	186

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**C2-1 Council as a lessee (continued)**

	322	219
\$ '000	2021	2020
<b>(e) Statement of Cash Flows</b>		
Total cash outflow for leases	(322)	(219)
	<b>(322)</b>	<b>(219)</b>

**(f) Leases at significantly below market value – concessionary / peppercorn leases****Accounting policy**

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

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

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

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

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

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

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

**Exceptions to lease accounting**

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	3,413	–	4,226	–
Goods and services – capital expenditure	1,769	–	2,583	–
Prepaid rates	747	–	717	–
Accrued expenses:				
– Salaries and wages	2,871	–	2,724	–
– Other expenditure accruals	5,170	–	4,792	–
Security bonds, deposits and retentions	9,741	–	10,062	–
ATO fringe benefits tax	24	–	26	–
Other	2,207	–	141	–
<b>Total payables</b>	<b>25,942</b>	<b>–</b>	<b>25,271</b>	<b>–</b>
<b>Total payables</b>	<b>25,942</b>	<b>–</b>	<b>25,271</b>	<b>–</b>

#### Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Domestic waste management	1,767	–	3,216	–
Payables relating to externally restricted assets	1,767	–	3,216	–
<b>Total payables relating to restricted assets</b>	<b>1,767</b>	<b>–</b>	<b>3,216</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>24,175</b>	<b>–</b>	<b>22,055</b>	<b>–</b>
<b>Total payables</b>	<b>25,942</b>	<b>–</b>	<b>25,271</b>	<b>–</b>

## C3-1 Payables (continued)

### Current payables not anticipated to be settled within the next twelve months

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	7,141	7,861
<b>Total payables</b>	<b>7,141</b>	<b>7,861</b>

### Accounting policy

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

### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	6,324	–	626	4,644
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	682	–	531	9
<b>Total grants received in advance</b>		<b>7,006</b>	<b>–</b>	<b>1,157</b>	<b>4,653</b>
Other		657	–	452	–
<b>Total contract liabilities</b>		<b>7,663</b>	<b>–</b>	<b>1,609</b>	<b>4,653</b>

### Notes

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

### Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	3,701	–	1,636	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>3,701</b>	<b>–</b>	<b>1,636</b>	<b>–</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>3,701</b>	<b>–</b>	<b>1,636</b>	<b>–</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>3,962</b>	<b>–</b>	<b>(27)</b>	<b>4,653</b>

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### C3-2 Contract Liabilities (continued)

Total contract liabilities	7,663	–	1,609	4,653
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#### Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2021	2020
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	1,574	4,587
Operating grants (received prior to performance obligation being satisfied)	476	499
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>2,050</b>	<b>5,086</b>

#### Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

### C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured <sup>1</sup>	500	125	500	625
<b>Total borrowings</b>	<b>500</b>	<b>125</b>	<b>500</b>	<b>625</b>

(1) Loans are secured over the general rating income of Council.

#### Borrowings relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Total borrowings relating to unrestricted assets</b>	<b>500</b>	<b>125</b>	<b>500</b>	<b>625</b>
<b>Total borrowings</b>	<b>500</b>	<b>125</b>	<b>500</b>	<b>625</b>

#### Current borrowings not anticipated to be settled within the next twelve months

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

#### (a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements	2021
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	1,125	(500)	–	625
Lease liability (Note C2-1b)	160	(42)	–	118
<b>Total liabilities from financing activities</b>	<b>1,285</b>	<b>(542)</b>	<b>–</b>	<b>743</b>

2019	Non-cash movements	2020
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**C3-3 Borrowings (continued)**

\$ '000	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	1,625	(500)	–	1,125
Lease liability (Note C2-1b)	–	(34)	194	160
<b>Total liabilities from financing activities</b>	<b>1,625</b>	<b>(534)</b>	<b>194</b>	<b>1,285</b>

**(b) Financing arrangements**

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	<b>650</b>	650
Credit cards/purchase cards	<b>250</b>	250
Other - Bank Guarantee	<b>1,310</b>	1,310
<b>Total financing arrangements</b>	<b>2,210</b>	<b>2,210</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	<b>37</b>	35
– Other - Bank Guarantee	<b>410</b>	1,310
<b>Total drawn financing arrangements</b>	<b>447</b>	<b>1,345</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	<b>650</b>	650
– Credit cards/purchase cards	<b>213</b>	215
– Other - Bank Guarantee	<b>900</b>	–
<b>Total undrawn financing arrangements</b>	<b>1,763</b>	<b>865</b>

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

**Accounting policy**

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

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

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

## C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	4,798	–	4,620	–
Sick leave	333	–	360	–
Long service leave	9,027	609	8,675	567
Other leave – RDO and TOIL	224	–	279	–
<b>Total employee benefit provisions</b>	<b>14,382</b>	<b>609</b>	<b>13,934</b>	<b>567</b>

### Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	9,659	8,608
	<b>9,659</b>	<b>8,608</b>

### Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
<b>2021</b>					
At beginning of year	4,620	360	9,242	279	14,501
Additional provisions	3,230	5	1,000	166	4,401
Amounts used (payments)	(3,109)	(23)	(625)	(217)	(3,974)
Remeasurement effects	57	(9)	105	(4)	149
Other – LSL Receipts	–	–	(86)	–	(86)
<b>Total ELE provisions at end of year</b>	<b>4,798</b>	<b>333</b>	<b>9,636</b>	<b>224</b>	<b>14,991</b>
<b>2020</b>					
At beginning of year	4,105	495	9,480	331	14,411
Additional provisions	3,319	6	1,221	63	4,609
Amounts used (payments)	(3,113)	(131)	(1,415)	(138)	(4,797)
Remeasurement effects	309	(10)	68	23	390
Other – LSL Receipts	–	–	(112)	–	(112)
<b>Total ELE provisions at end of year</b>	<b>4,620</b>	<b>360</b>	<b>9,242</b>	<b>279</b>	<b>14,501</b>

### Accounting policy

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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



## C3-4 Employee benefit provisions (continued)

### On-costs

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

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

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

## C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
<b>Other provisions</b>				
Other - Workers Compensation	313	13	196	8
Other	457	-	160	-
<b>Sub-total – other provisions</b>	<b>770</b>	<b>13</b>	<b>356</b>	<b>8</b>
<b>Total provisions</b>	<b>770</b>	<b>13</b>	<b>356</b>	<b>8</b>

### Description of and movements in provisions

#### Nature and purpose of provisions

##### Other - Workers Compensation

To recognise liabilities for Workers Compensation expense in relation to the Employee Benefits provisions.

##### Other

To recognise liabilities for planned redundancies.

#### Accounting policy

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	24,744	24,583	24,745	24,583
Receivables	10,636	10,712	10,968	9,995
Investments				
– Debt securities at amortised cost	104,013	80,000	104,013	80,000
<b>Fair value through profit and loss</b>				
Investments				
– Managed funds and Floating Rate Notes	31,534	40,574	31,534	40,574
<b>Total financial assets</b>	<b>170,927</b>	<b>155,869</b>	<b>171,260</b>	<b>155,152</b>
<b>Financial liabilities</b>				
Payables	25,942	25,271	25,923	24,553
Loans/advances	625	1,125	625	1,125
<b>Total financial liabilities</b>	<b>26,567</b>	<b>26,396</b>	<b>26,548</b>	<b>25,678</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

## D1-1 Risks relating to financial instruments held (continued)

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

### (a) Market risk – interest rate and price risk

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,603	1,452
Impact of a 10% movement in price of investments		
– Equity / Income Statement	3,153	4,057

## D1-1 Risks relating to financial instruments held (continued)

### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	–	2,864	1,056	313	–	4,233
<b>2020</b>						
Gross carrying amount	–	2,829	934	100	–	3,863

#### Receivables - non-rates and annual charges and contract assets

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

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	3,846	281	1,185	205	1,503	7,020
<b>2020</b>						
Gross carrying amount	5,355	200	160	287	1,559	7,561

## D1-1 Risks relating to financial instruments held (continued)

### (c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances. Council has been proactive in managing cashflow during the COVID-19 pandemic by improving the debt recovery processes in both rates receivables and sundry debtors. Council also sold some property to increase its cash reserves. Council will continue to monitor cash flow requirements closely as it is unclear how the COVID-19 pandemic will impact customers ability to pay their debts in full and on time.

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

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2021</b>							
Trade/other payables	0.00%	9,741	15,435	-	-	25,176	25,195
Loans and advances	1.98%	-	512	127	-	639	625
<b>Total financial liabilities</b>		<b>9,741</b>	<b>15,947</b>	<b>127</b>	<b>-</b>	<b>25,815</b>	<b>25,820</b>
<b>2020</b>							
Trade/other payables	0.00%	10,062	14,492	-	-	24,554	24,554
Loans and advances	2.04%	-	523	640	-	1,163	1,125
<b>Total financial liabilities</b>		<b>10,062</b>	<b>15,015</b>	<b>640</b>	<b>-</b>	<b>25,717</b>	<b>25,679</b>

## D2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

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.

### Fair value hierarchy

All assets and liabilities measured at fair value are 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:** Unobservable inputs for the asset or liability.

The table below shows the assigned level for each class of asset and liability held at fair value by Council:

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020 Restated	2021	2020 Restated
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss		–	–	31,534	40,574	31,534	40,574
<b>Total financial assets</b>		<b>–</b>	<b>–</b>	<b>31,534</b>	<b>40,574</b>	<b>31,534</b>	<b>40,574</b>
<b>Investment property</b>							
Properties held with the primary purpose of external lease	C1-7	20,000	19,310	–	–	20,000	19,310
<b>Total investment property</b>		<b>20,000</b>	<b>19,310</b>	<b>–</b>	<b>–</b>	<b>20,000</b>	<b>19,310</b>
<b>Infrastructure, property, plant and equipment</b>							
Plant and equipment	C1-6	–	–	7,264	8,829	7,264	8,829
Office equipment		–	–	930	1,437	930	1,437
Furniture and fittings		–	–	1,677	1,485	1,677	1,485
Operational land		–	–	217,231	214,951	217,231	214,951
Community land		–	–	136,252	171,412	136,252	171,412
Council controlled land		–	–	28,150	6,925	28,150	6,925
Land under roads (post 30/6/08)		–	–	727	727	727	727
Buildings – non-specialised		–	–	82,270	84,993	82,270	84,993
Buildings – specialised		–	–	96,385	102,164	96,385	102,164
Roads and bridges		–	–	533,119	526,069	533,119	526,069
Footpaths		–	–	67,965	65,931	67,965	65,931
Open space and other structures		–	–	67,677	61,072	67,677	61,072
Stormwater drainage		–	–	83,590	78,265	83,590	78,265
Library books		–	–	897	958	897	958
Other assets		–	–	49	46	49	46
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>1,324,183</b>	<b>1,333,682</b>	<b>1,324,183</b>	<b>1,333,682</b>

continued on next page ...

## D2-1 Fair value measurement (continued)

### Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

- **Financial assets**

Council obtains valuations from independent investment advisors (CPG Research and Advisory Pty Ltd) on a monthly basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuations. Council holds various FRNs, covered and fixed interest bonds that are considered level 3 assets. Council obtains valuations from the arranger/issuer/bank on a monthly basis and/or at the end of each accounting period to ensure the financial statements reflect the most up to date valuation. The valuations sourced from the arranger/issuer/bank are based on mid-market prices. That is, valuations are marked at the mid-point of the bid and ask prices, which are variable (unobservable inputs), in the secondary market.

- **Investment property**

Council undertakes valuations of its investment property portfolio on an annual basis and at the end of each reporting period the financial statements reflect the most up-to-date valuation.

The best estimate of fair value is the current price in an active market for similar assets; the following inputs are used where necessary:

- Current prices in an active market for similar assets or similar properties in less active markets
  - Discounted cash flow projections based on estimates of future cash inflows and outflows
- All investment properties are included in level 2 of the hierarchy with the key observable input to the valuation being the price per square metre.

The fair value of investment properties is determined by independent, qualified valuers who have experience in the location of the property. The revaluation of council's investment properties building component was performed by Australis Asset Advisory Group as at 30 June 2021.

- **Land (Operational, Community, Council Controlled and Land Under Roads)**

Council obtains independent valuations of its Operational Land portfolio on a cyclic basis. Suitably qualified internal staff ensure that the fair value reported does not differ materially from actual fair value.

In order to ascertain appropriate values to the Operational and Community Land, Council have primarily applied the Direct Comparison Approach. This approach involves investigation of vacant land sales evidence with comparable or similar characteristics. The various land components are analysed in order to derive a fair market value.

For community and other special purpose land where there are a limited number of market transactions, Council have considered the market evidence of parcels of land of similar characteristics (but not restricted in use) with an appropriate discount applied for the property's current zoning.

The best estimate of fair value is the current price in an active market for similar assets; the following inputs are used where necessary:

- Current prices in active markets for similar assets or similar land parcels in less active markets
- Community and other special purpose land assets are included in level 3 of the hierarchy with the key unobservable input to the valuation being the price per square metre. Operational Land values are at indexation to reflect the inherent utility afforded from the 2020/21 valuation.
- Australis Asset Advisory Group performed an independent desktop valuation of Operational Land assets for the period ending 30 June 2021. Desktop valuations for Community and Council Controlled Land have been valued using Valuer General (VG) price per square metre for the period ending 30 June 2021. Land Under Roads (post 2008) was desktop valued using VG rates as at 30 June 2021.



## D2-1 Fair value measurement (continued)

### ▪ Buildings

Specialised buildings are assets which, due to their particular design, application or use, are not normally traded within an established market and thus the basis for valuation of these buildings is the cost approach.

Depreciated replacement cost is a method of valuation that is based on an estimate of the current cost of replacing the asset with a similar asset, less an allowance for the effect of depreciation (accrued physical wear and tear), and economic and functional obsolescence. Thus the following inputs and assumptions are used in determining fair value:

- Breakdown of building into relevant components comprising some or all of; External walls, windows and doors; Roof including framing and guttering; Electricals & lighting; Fire Equipment; Air Conditioning; Hot Water System; Lifts; Fitout, Fixtures & Fittings; Exterior Works & Landscaping; and Residual Structure.
- The straight line method of depreciation has been adopted which is based on the premise that the loss in value is in equal amounts over the full extent of the components/assets life.
- The effective lives of component/asset are the estimated life of that component/asset, assuming use in its present function, as part of a continuing business.

Specialised buildings are included in level 3 of the hierarchy with the key unobservable inputs being the effective lives and component condition / allowance for depreciation.

Australis Asset Advisory Group performed an independent comprehensive valuation of Specialised building assets as at 30 June 2021.

Non-specialised buildings are those for which a market exists and as such the best estimate of fair value is the current price in an active market for similar assets; the following inputs are used where necessary:

- Current prices in an active market for similar assets or similar properties in less active markets.
- Comprehensive reference on building costs and useful lives.

Non-specialised buildings are included in level 3 of the hierarchy with the key unobservable input to the valuation being the price per square metre.

Australis Asset Advisory Group performed an independent comprehensive valuation of Non-specialised building assets as at 30 June 2021.

### ▪ Open space, other structures, roads and bridges, footpaths, and stormwater drainage

Council obtains independent valuations on a cyclic basis and utilises suitably qualified internal staff to undertake interim revaluations as appropriate to ensure that reported fair value does not differ materially from actual fair value. These classes of assets are specialised in nature and not readily bought or sold on the open market thus the valuation technique adopted is the cost approach utilising the depreciated replacement cost concept. The following inputs are used where necessary:

- Pattern of Consumption
- Components
- Useful life
- Asset Condition
- Dimensions and specifications
- Relationship between condition rating and value (determining remaining life, useful life, etc.)
- Unit Rates

The asset classes other structures, roads and bridges, footpaths, open space, and stormwater drainage are included in level 3 of the hierarchy with the key unobservable inputs being condition rating, useful life and remaining life.

Open space and other structure assets were desktop valued by JLL Public Sector Valuations Pty Ltd as at 30 June 2021. Stormwater drainage were comprehensively valued by APV Valuers and Asset Management as at 30 June 2021. Footpaths, Roads and Bridges were desktop valued by APV Valuers and Asset Management as at 30 June 2021.

## D2-1 Fair value measurement (continued)

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### Fair value measurements using significant unobservable inputs (level 3)

## D2-1 Fair value measurement (continued)

### The valuation process for level 3 fair value measurements

Asset Category/ Class	Comprehensive Valuation Frequency	Description of processes	Valuer	Responsibility
Financial Assets	Monthly	Monthly Valuation using the current price in an active market for similar assets	External	Finance Department
Investment Properties	Annually	Full external valuation every year	External	Strategic Property / Finance
Infrastructure	3 years per asset class	3 year valuation cycle - 1 Comprehensive and 2 Desktop	Internal/External	Assets & Infrastructure Directorate/Finance
Plant and equipment, office equipment and furniture and fittings	Annually	Assessment of remaining useful life undertaken annually which impacts on the fair value	Internal	Assets & Infrastructure Directorate/Finance
Operational land	3 years	3 year valuation cycle - 1 Comprehensive and 2 Desktop	External	Assets & Infrastructure Directorate/Finance
Community land	3 years	Valuer-General land values or average unit rate for similar properties if not available	Valuer General / Internal	Finance
Buildings – non specialised and specialised	3 years	3 year valuation cycle - 1 comprehensive and 2 desktop	External	Assets & Infrastructure Directorate/Finance
Land improvement non-depreciable	3 years	Full valuation every 5 years or index applied	Internal	Assets & Infrastructure Directorate/Finance
Open space and other structures	3 years	3 year valuation cycle - 1 Comprehensive and 2 Desktop	External	Assets & Infrastructure Directorate/Finance
Library books	N/A	Assessment of remaining useful life undertaken annually which impacts on the fair value	Internal	Library/Finance

## D2-1 Fair value measurement (continued)

### Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Valuation technique/s	Unobservable inputs
Financial Assets	Market Approach	Unit Price
Investment property	Income or Market Approach	Estimated rental value (per sq metre) Rental Yield Open Market Value
Plant and Equipment	Cost Approach	Gross Replacement Cost
Office Equipment		Remaining Useful Life
Furniture and Fittings		Residual Value
Library Collection		
Land:	Market Approach	Price per square metre
Operational Land		Discount rate to account for zoning
Community Land	VG value (price per square metre) for	and other constraints on development
Council Controlled Land	Community Land	and the potential for alternative use.
Land Under Roads		
Open Space	Cost Approach	Condition
Land Improvements		Useful and Remaining Life
Other Structures		Unit Rates
Buildings:	Cost Approach	Condition
Specialised		Useful and Remaining Life
Non-Specialised		Component replacement rates
		Allowance for economic and functional obsolescence
Infrastructure:	Cost Approach	Condition
Roads		Useful and Remaining Life
Footpaths		Residual Value
Bulk Earthworks		Unit Rates
Stormwater drainage	Cost Approach	Condition
		Useful and Remaining Life
		Unit Rates
		Residual Value

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

	Financial assets		IPP&E		Total	
	2021	2020	2021	2020 Restated	2021	2020 Restated
<b>\$ '000</b>						
<b>Opening balance</b>	<b>40,574</b>	57,461	<b>1,333,682</b>	1,314,268	<b>1,374,256</b>	1,371,729
<b>Total gains or losses for the period</b>						
Recognised in profit or loss – realised (refer to Note B4-1)	<b>97</b>	79	<b>(17,111)</b>	(8,091)	<b>(17,014)</b>	(8,012)
Recognised in other comprehensive income – revaluation surplus	<b>–</b>	–	<b>(487)</b>	6,371	<b>(487)</b>	6,371
<b>Other movements</b>						
Purchases (GBV)	<b>5,093</b>	9,500	<b>39,348</b>	44,102	<b>44,441</b>	53,602
Disposals (WDV)	<b>(14,230)</b>	(26,466)	<b>(7,551)</b>	(603)	<b>(21,781)</b>	(27,069)
Depreciation and impairment	<b>–</b>	–	<b>(23,699)</b>	(22,365)	<b>(23,699)</b>	(22,365)
<b>Closing balance</b>	<b>31,534</b>	40,574	<b>1,324,182</b>	1,333,682	<b>1,355,716</b>	1,374,256

### Highest and best use

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

## D3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

##### *Description of the funding arrangements.*

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

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

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times member contributions

\* For 180 Point Members, Employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2020 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

##### *Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

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

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

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$771,786. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA and covers the period ended 30 June 2020.

## D3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$712,254.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

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

The share of this deficit that is broadly attributed to Council is estimated to be 1.12% as at 30 June 2021.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

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

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

### (ii) Statewide Mutual

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

### (iv) Other guarantees

Council has provided no other guarantees other than those listed above.

## 2. Other liabilities

### (i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

## D3-1 Contingencies (continued)

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Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

## ASSETS NOT RECOGNISED

### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

### (ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

## E People and relationships

### E1 Related party disclosures

#### E1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly comprising the Mayor, Councillors, General Manager and Directors.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2021	2020
<b>Compensation:</b>		
Short-term benefits	2,589	2,523
Post-employment benefits	147	144
<b>Total</b>	<b>2,736</b>	<b>2,667</b>

#### Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Council has determined that there are no other transactions with KMP and their related parties that need to be disclosed.



## E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillor expenses – mayoral fee/administrator fee	69	69
Councillors' fees	387	397
Other Councillors' expenses (including Mayor)	70	56
<b>Total</b>	<b>526</b>	<b>522</b>

## E2 Other relationships

### E2-1 Audit fees

\$ '000	2021	2020
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	121	119
<b>Total Auditor-General remuneration</b>	<b>121</b>	<b>119</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services	-	-
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>-</b>	<b>-</b>
<b>Total audit fees</b>	<b>121</b>	<b>119</b>

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>2,111</b>	6,864
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	<b>24,159</b>	22,809
Net losses/(gains) on disposal of assets	<b>(3,097)</b>	(195)
Adoption of AASB 15/1058	–	(9,739)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	<b>(148)</b>	(79)
– Investment property	<b>(547)</b>	(1,640)
– Revaluation decrements / impairments of IPP&E direct to P&L	<b>17,111</b>	8,091
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	<b>171</b>	(717)
Increase/(decrease) in provision for impairment of receivables	<b>(95)</b>	174
Decrease/(increase) in inventories	<b>29</b>	42
Decrease/(increase) in other current assets	<b>(225)</b>	(276)
Increase/(decrease) in payables	<b>(813)</b>	381
Increase/(decrease) in other accrued expenses payable	<b>525</b>	3,400
Increase/(decrease) in other liabilities	<b>1,773</b>	(418)
Increase/(decrease) in contract liabilities	<b>1,401</b>	5,810
Increase/(decrease) in provision for employee benefits	<b>490</b>	90
Increase/(decrease) in other provisions	<b>419</b>	82
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>43,264</b>	34,679

## F2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2021	2020
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

Buildings	8,663	11,191
Plant and equipment	1,198	381
Parks	3,892	1,005
Infrastructure	453	2,472
Software	1	1
<b>Total commitments</b>	<b>14,207</b>	<b>15,050</b>

#### These expenditures are payable as follows:

Within the next year	14,207	15,050
<b>Total payable</b>	<b>14,207</b>	<b>15,050</b>

## F3-1 Events occurring after the reporting date

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

## F4 Changes from prior year statements

### F4-1 Correction of errors

#### Nature of prior-period error

##### Community and Council Controlled land

As part of the revaluation of Community and Council Controlled land, it was identified that certain parcels of land were no longer in Council's ownership. There were also instances where the same parcel of land was found in more than one land register. This error has likely occurred when there has been a reclassification of land between the Community and Operational land categories to increase the service potential of the asset for Council. Additionally, the Community and Council Controlled land categories were last comprehensively valued in 2016. Since then, there have been material changes to land values in the Georges River Local government area that had not been accounted for correctly in prior years.

These errors have been restated as at 1 July 2019 and 30 June 2020 balances of Infrastructure, property, plant and equipment and Accumulated surplus and Revaluation reserves.

	2019 (\$'000)	2020 (\$'000)
Carrying amount adjusted	-23,290	-27,860

##### Buildings - Specialised and Non-Specialised

As part of the revaluation of the Buildings - Specialised and Non-Specialised asset categories, it was identified that certain assets had been demolished but were still listed on the buildings register. There were also instances where certain assets had not been correctly recognised on acquisition, which resulted in a duplication of some components of assets within other asset categories.

These errors have been restated as at 1 July 2019 and 30 June 2020 balances of Infrastructure, property, plant and equipment and Accumulated surplus and Revaluation reserves.

	2019 (\$'000)	2020 (\$'000)
Carrying amount adjusted	-1,267	-4,639
Accumulated depreciation adjusted	361	410
Depreciation expense adjusted	-	-25

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2019) and taking the adjustment through to Accumulated surplus and Revaluation reserves.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

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

#### Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Infrastructure, property, plant and equipment	1,366,709	(24,196)	1,342,513
<b>Total assets</b>	<b>1,563,223</b>	<b>(24,196)</b>	<b>1,539,027</b>
<b>Total liabilities</b>	<b>40,406</b>	<b>-</b>	<b>40,406</b>
Accumulated surplus	1,419,106	(23,716)	1,395,390
Revaluation reserves	103,711	(480)	103,231
<b>Total equity</b>	<b>1,522,817</b>	<b>(24,196)</b>	<b>1,498,621</b>

## F4-1 Correction of errors (continued)

### Adjustments to the comparative figures for the year ended 30 June 2020

#### Statement of Financial Position

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Infrastructure, property, plant and equipment	1,404,439	(32,114)	1,372,325
<b>Total assets</b>	<b>1,581,850</b>	<b>(32,114)</b>	<b>1,549,736</b>
<b>Total liabilities</b>	<b>47,683</b>	<b>–</b>	<b>47,683</b>
Accumulated surplus	1,424,085	(31,595)	1,392,490
Revaluation reserves	110,082	(519)	109,563
<b>Total equity</b>	<b>1,534,167</b>	<b>(32,114)</b>	<b>1,502,053</b>

#### Income Statement

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
<b>Total income from continuing operations</b>	<b>162,686</b>	<b>–</b>	<b>162,686</b>
Depreciation and amortisation	23,046	(25)	23,021
Impairment / revaluation decrement of IPPE	212	7,879	8,091
<b>Total expenses from continuing operations</b>	<b>147,968</b>	<b>7,854</b>	<b>155,822</b>
<b>Operating result from discontinued operations</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net operating result for the year</b>	<b>14,718</b>	<b>(7,854)</b>	<b>6,864</b>

#### Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
<b>Net operating result for the year</b>	<b>14,718</b>	<b>(7,854)</b>	<b>6,864</b>
<b>Total comprehensive income for the year</b>	<b>14,718</b>	<b>(7,854)</b>	<b>6,864</b>

## F5 Statement of developer contributions as at 30 June 2021

### F5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	162	–	–	2	–	–	164	–
Roads	479	53	–	6	–	–	538	–
Traffic facilities	2,508	59	–	29	–	–	2,596	–
Parking	720	–	–	8	–	–	728	–
Open space	32,228	5,285	–	362	(2,184)	–	35,691	–
Community facilities	7,157	398	–	81	(558)	–	7,078	–
Library	3,641	6	–	40	(321)	–	3,366	–
Urban space	3	–	–	–	–	–	3	–
Management	–	–	–	–	–	–	–	–
Open space, recreation and public domain facilities	10,190	1,157	–	100	(5,538)	–	5,909	–
Deficient car parking	532	57	–	7	–	–	596	–
Non residential development in central business district	2,565	70	–	29	(12)	–	2,652	–
<b>S7.11 contributions – under a plan</b>	<b>60,185</b>	<b>7,085</b>	<b>–</b>	<b>664</b>	<b>(8,613)</b>	<b>–</b>	<b>59,321</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>4,356</b>	<b>1,529</b>	<b>–</b>	<b>48</b>	<b>(2,538)</b>	<b>–</b>	<b>3,395</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>64,541</b>	<b>8,614</b>	<b>–</b>	<b>712</b>	<b>(11,151)</b>	<b>–</b>	<b>62,716</b>	<b>–</b>
S7.4 planning agreements	10,419	4,657	–	117	(4,563)	–	10,630	–
S7.13 Court Ordered Development Consen	94	279	–	1	–	–	374	–
<b>Total contributions</b>	<b>75,054</b>	<b>13,550</b>	<b>–</b>	<b>830</b>	<b>(15,714)</b>	<b>–</b>	<b>73,720</b>	<b>–</b>

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

### F5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN – repealed from 14 March 2013</b>								
Drainage	145	–	–	2	–	–	147	–
Traffic facilities	313	–	–	4	–	–	317	–
Parking	408	–	–	5	–	–	413	–

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## F5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Open space	1,403	10	-	15	(787)	-	641	-
Community facilities	1,145	6	-	12	(215)	-	948	-
Library	3,641	6	-	40	(321)	-	3,366	-
Urban space	3	-	-	-	-	-	3	-
<b>Total</b>	<b>7,058</b>	<b>22</b>	<b>-</b>	<b>78</b>	<b>(1,323)</b>	<b>-</b>	<b>5,835</b>	<b>-</b>
<b>CONTRIBUTION PLAN – commenced 14 March 2013</b>								
Community facilities	3,841	152	-	43	(343)	-	3,693	-
Open space, recreation and public domain facilities	10,190	1,157	-	100	(5,538)	-	5,909	-
Deficient car parking	442	57	-	5	-	-	504	-
Non residential development in central business district	2,565	70	-	29	(12)	-	2,652	-
<b>Total</b>	<b>17,038</b>	<b>1,436</b>	<b>-</b>	<b>177</b>	<b>(5,893)</b>	<b>-</b>	<b>12,758</b>	<b>-</b>
<b>CONTRIBUTION PLAN – NUMBER 1 – Roads &amp; Traffic Management</b>								
Roads	479	53	-	6	-	-	538	-
<b>Total</b>	<b>479</b>	<b>53</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>538</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 3 – Car Parking – Hurstville Town Centre</b>								
Parking	312	-	-	3	-	-	315	-
<b>Total</b>	<b>312</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 4 – Streetscape Improvement – Hurstville Town Centre</b>								
Open space	601	-	-	7	-	-	608	-
<b>Total</b>	<b>601</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>608</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 5 – Open Space (2006) – Embellishment &amp; Acquisition</b>								
Open space	14,322	2,460	-	163	(1,397)	-	15,548	-
<b>Total</b>	<b>14,322</b>	<b>2,460</b>	<b>-</b>	<b>163</b>	<b>(1,397)</b>	<b>-</b>	<b>15,548</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 6 – Hurstville south areas</b>								
Open space	743	-	-	8	-	-	751	-
<b>Total</b>	<b>743</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>751</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 8 – Kogarah Town Centre</b>								
Drainage	17	-	-	-	-	-	17	-
Traffic facilities	2,195	59	-	25	-	-	2,279	-
Open space	15,159	2,815	-	169	-	-	18,143	-
Deficient car parking	90	-	-	2	-	-	92	-

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## F5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Community facilities	320	50	-	4	-	-	374	-
<b>Total</b>	<b>17,781</b>	<b>2,924</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>20,905</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 9 – Kogarah Libraries – Buildings &amp; Books</b>								
Community facilities	362	190	-	5	-	-	557	-
<b>Total</b>	<b>362</b>	<b>190</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>557</b>	<b>-</b>
<b>CONTRIBUTION PLAN – Ramsgate commercial centre</b>								
Community facilities	1,489	-	-	17	-	-	1,506	-
<b>Total</b>	<b>1,489</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>1,506</b>	<b>-</b>
<b>S7.12 Levies – under a plan</b>								
<b>CONTRIBUTION PLANS</b>								
Georges River Council Section 7.12	4,356	1,529	-	48	(2,538)	-	3,395	-
<b>Total</b>	<b>4,356</b>	<b>1,529</b>	<b>-</b>	<b>48</b>	<b>(2,538)</b>	<b>-</b>	<b>3,395</b>	<b>-</b>

## F6 Statement of performance measures

### F6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark
<b>1. Operating performance ratio</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(5,307)</b>	<b>(3.75)%</b>	(8.02)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>141,559</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>129,677</b>	<b>79.95%</b>	77.17%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>162,201</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>67,037</b>	<b>2.48x</b>	2.63x	> 1.50x
Current liabilities less specific purpose liabilities	<b>27,031</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>18,873</b>	<b>33.52x</b>	20.72x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>563</b>			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	<b>4,713</b>	<b>4.45%</b>	4.26%	< 5.00%
Rates and annual charges collectable	<b>105,923</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<b>128,757</b>	<b>12.76 mths</b>	10.23 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	<b>10,090</b>			

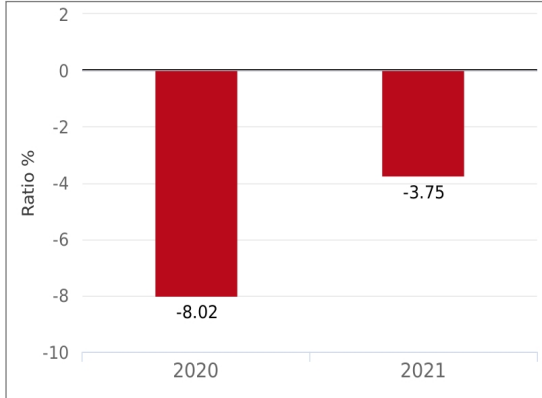
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

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

## G Additional Council disclosures (unaudited)

### G1-1 Statement of performance measures – consolidated results (graphs)

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

##### Commentary on 2020/21 result

2020/21 ratio (3.75)%

Council does not generate sufficient Operating Income (without Capital Grants) to cover Operating Expenditure. This is an on-going issue that was highlighted in the Long Term Financial Plan.

The ratio in 2020/21 has improved from last year but is still outside the benchmark. Council was successful in it's application to IPART for a special rate variation. These funds will help to improve the operating performance for Council in future years.

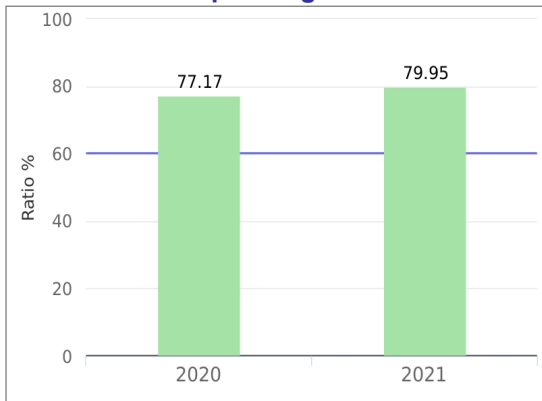
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



##### Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

##### Commentary on 2020/21 result

2020/21 ratio 79.95%

Council continues to stay above the benchmark of 60% which shows that Council is not heavily reliant on income from grants and contributions to fund its ongoing operations.

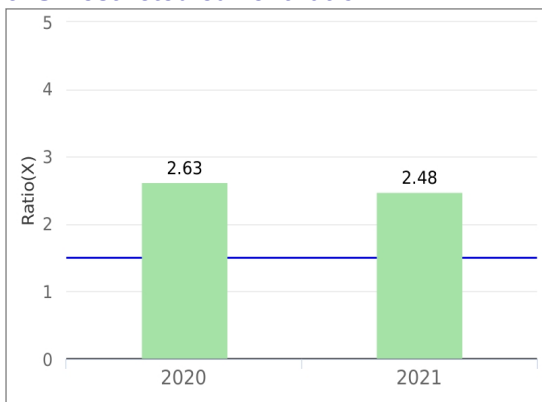
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

##### Commentary on 2020/21 result

2020/21 ratio 2.48x

The current ratio is still well above the benchmark but has dropped in 2020/21 as Council's cash and cash equivalents have reduced in order to fund the operations and capital works program.

Benchmark: — > 1.50x

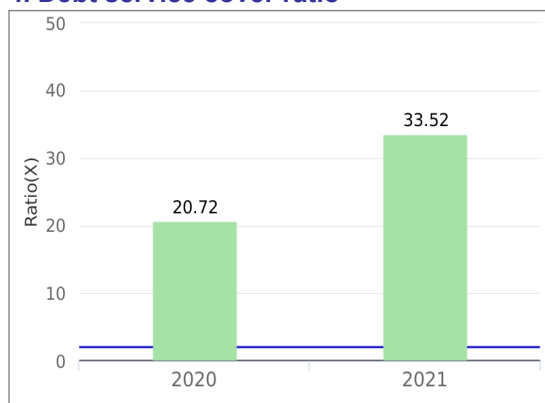
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## G1-1 Statement of performance measures – consolidated results (graphs) (continued)

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

#### Commentary on 2020/21 result

2020/21 ratio 33.52x

Council continues to be in a healthy position with minimal debt to service which decreases the pressure on operating cash.

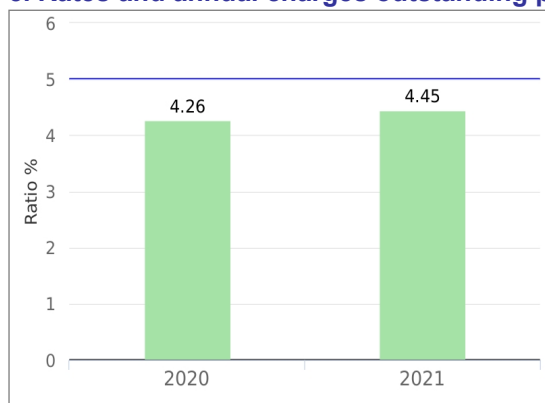
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



#### Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

#### Commentary on 2020/21 result

2020/21 ratio 4.45%

The percentage of rates debtors continues to be low and reflects Council's ongoing efforts at collecting rates and charges due. However, in 2020/21 there has been an increase which is likely due to the uncertainty around the COVID-19 pandemic.

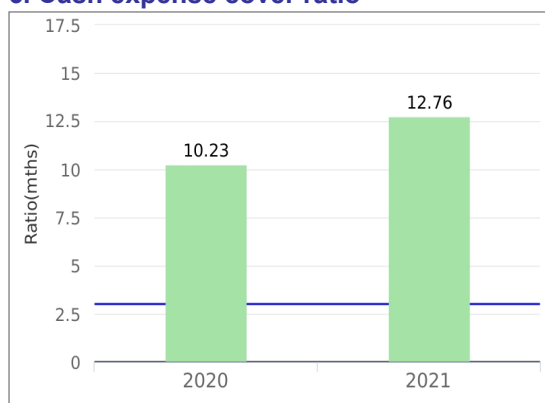
Benchmark: — < 5.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

#### Commentary on 2020/21 result

2020/21 ratio 12.76 mths

Council is very liquid. The cash coverage ratio continues to sit at a healthy 12+ months which is a strong position to be in to fund Councils operations.

Benchmark: — > 3.00mths

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

## G1-2 Council information and contact details

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**Principal place of business:**

Corner MacMahon and Dora Streets  
HURSTVILLE NSW 2220

### Contact details

**Mailing Address:**

PO Box 205  
HURSTVILLE BC NSW 1481

**Telephone:** 02 9330 6400

**Facsimile:** 02 9330 6223

**Opening hours:**

8:30am - 5:00pm  
Monday to Friday

**Internet:** [www.georgesriver.nsw.gov.au](http://www.georgesriver.nsw.gov.au)

**Email:** [mail@georgesriver.nsw.gov.au](mailto:mail@georgesriver.nsw.gov.au)

### Officers

**General Manager**

Gail Connolly

**Responsible Accounting Officer**

David Tuxford

**Public Officer**

David Tuxford

**Auditors**

Audit Office of New South Wales  
Level 19  
201 Sussex St  
SYDNEY NSW 2000

### Elected members

**Mayor**

Nick Katris

**Councillors**

Ben Wang  
Christina Jamieson  
Colleen Symington  
Elise Borg  
Kathryn Landsberry (Deputy Mayor)  
Kevin Greene  
Lou Konjarski  
Nancy Liu  
Natalie Mort  
Nick Smerdely  
Peter Mahoney  
Sam Elmir  
Sam Stratikopoulos  
Warren Tegg

### Other information

**ABN:** 57 789 014 855



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Georges River Council**

To the Councillors of the Georges River Council

## Opinion

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

In my opinion:

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

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

## Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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



Lisa Berwick  
Delegate of the Auditor-General for New South Wales

31 January 2022  
SYDNEY



Ms Gail Connolly  
General Manager  
Georges River Council  
Cnr MacMahon and Dora Streets  
HURTSVILLE NSW 2020

Contact: Lisa Berwick  
Phone no: 02 9275 7165  
Our ref: D2127085/1728

31 January 2022

Dear Ms Connolly

**Report on the Conduct of the Audit  
for the year ended 30 June 2021  
Georges River Council**

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

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

**INCOME STATEMENT**

**Operating result**

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	101.4	96.8	↑ 4.8
Grants and contributions revenue	32.5	36.7	↓ 11.4
Operating result from continuing operations	2.1	6.9	↓ 69.6
Net operating result before capital grants and contributions	-18.5	-17.3	↓ 6.9

Rates and annual charges revenue of \$101.4 million (2019-20: \$96.8 million) increased by \$4.6 million (4.8 per cent) in 2020–21 due to an increase in:

- general rates revenue by 2.6 per cent in 2020–21
- rateable properties by 0.6 per cent (57,410 rateable properties in 2020-21 compared to 57,074 properties last year).

Grants and contributions revenue of \$32.5 million (2019-20: \$36.7 million) decreased by \$4.2 million (11.4 per cent) in 2020–21 due to:

- \$4.2 million decrease in special purpose grants and non-developer contributions for parks, stronger communities fund and other specific grants
- \$0.5 million decrease in other non-cash contributions for recreation and culture
- \$0.5 million increase in developer contributions for amenities/services and planning agreements.

The Council's operating result from continuing operations of \$2.1 million (2019-20: \$6.8 million) including depreciation, amortisation and impairment expense of \$41.3 million (2019-20: \$30.9 million) was \$4.7 million lower than the 2019–20 result. This was primarily due to:

The increase in income from continuing operations of \$3.3 million arose due to a:

- \$4.6 million increase in rates and annual charges offset \$4.2 million decrease in grants and contributions revenue noted above
- \$0.3 million decrease in user charges and fees
- \$2.1 million increase in other revenue
- \$0.7 million decrease in interest and investment income
- \$1.1 million decrease in other income
- \$2.9 million increase in net gains from disposal of assets.

The increase in total expenses of \$8.0 million was mainly due to a:

- \$0.7 million increase in employee benefits and on-costs
- \$2.8 million decrease in materials and services
- \$10.4 million increase in depreciation, amortisation and impairment of non-financial assets
- \$0.3 million decrease in other expenses

The net operating result before capital grants and contributions of (\$18.5 million) (2019-20: \$17.3 million) was \$1.2 million lower than the 2019–20 result.

## STATEMENT OF CASH FLOWS

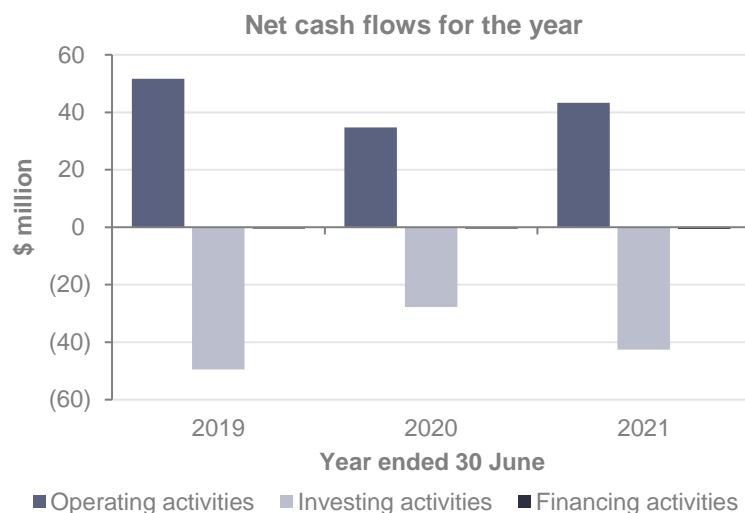
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

The Council's cash increased by \$0.2 million at the close of the year.

Cash inflows from operating activities increased by \$8.6 million from \$34.7 million in 2019-20 to \$43.3 million in 2020-21. This is due to increase in cash flow from receipts of \$6.9 million and a decrease in cash outflow from expenses of \$1.7 million.

The cash outflows from investing activities increased by \$14.8 million, from \$27.8 million to \$42.6 million in 2019-20 and 2020-21. This is due to a decrease in cash inflow from sale of infrastructure, property, plant and equipment and investment securities by \$11.1 million and an increase in cash outflow from purchase of infrastructure, property, plant and equipment and investment securities by \$3.7 million.

Cash flows from financing activities has remained consistent with prior year at net outflow of \$0.5 million.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Restricted cash and investments:			
External restrictions	103.7	102.0	<ul style="list-style-type: none"> <li>External restrictions include unspent specific purpose grants, developer contributions, domestic waste management charges, levies and planning agreements. The externally restricted cash balance has increased by approximately \$1.7 million, mainly due to the higher developer contribution received</li> </ul>
Internal restrictions	49.4	43.1	
Unrestricted	7.2	0.1	
<b>Total cash, cash equivalents and investments</b>	<b>160.3</b>	<b>145.2</b>	<ul style="list-style-type: none"> <li>Balances are internally restricted due to Council policy or decisions for forward plans including works program. Internal restrictions have increased by \$6.3 million.</li> <li>Unrestricted balances provide liquidity for day-to-day operations. There has been an increase of \$7.1 million in the unrestricted cash balance.</li> </ul>

# PERFORMANCE

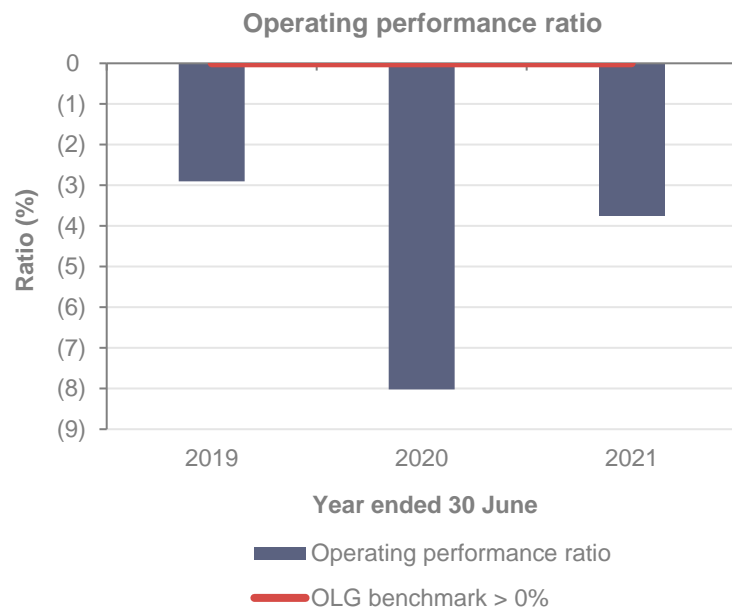
## Performance measures

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

### Operating performance ratio

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

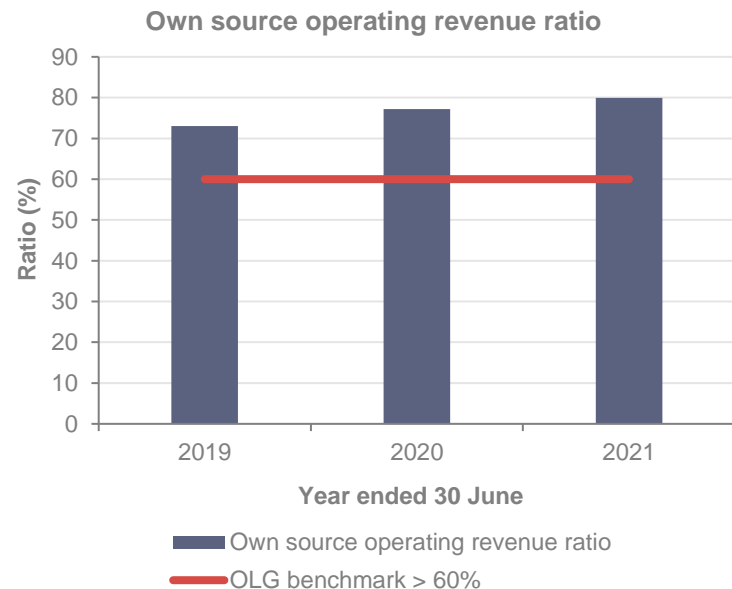
The Council did not meet the OLG benchmark for the current reporting period with a ratio of (3.75) per cent.



### Own source operating revenue ratio

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

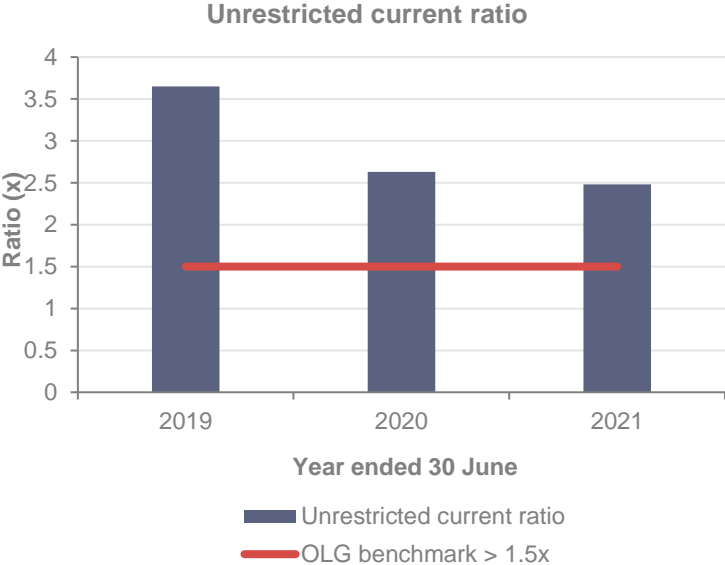
The Council exceeded the OLG benchmark for the current reporting period with a ratio of 79.95 per cent.



**Unrestricted current ratio**

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

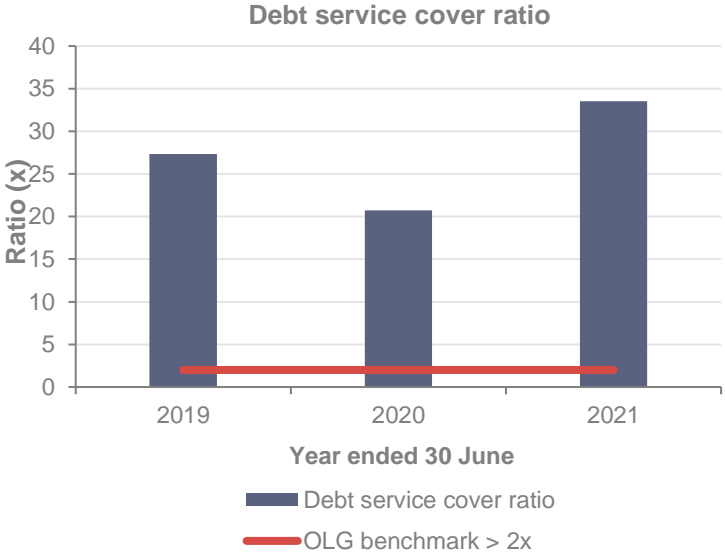
The Council exceeded the OLG benchmark for the current reporting period with a ratio of 2.48 times.



**Debt service cover ratio**

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

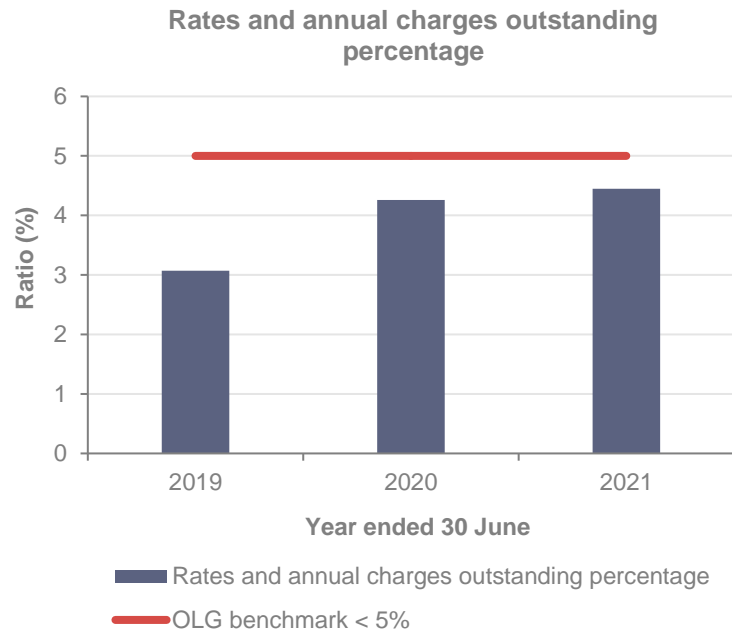
The Council exceeded the OLG benchmark for the current reporting period with a ratio of 33.52 times



### Rates and annual charges outstanding percentage

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

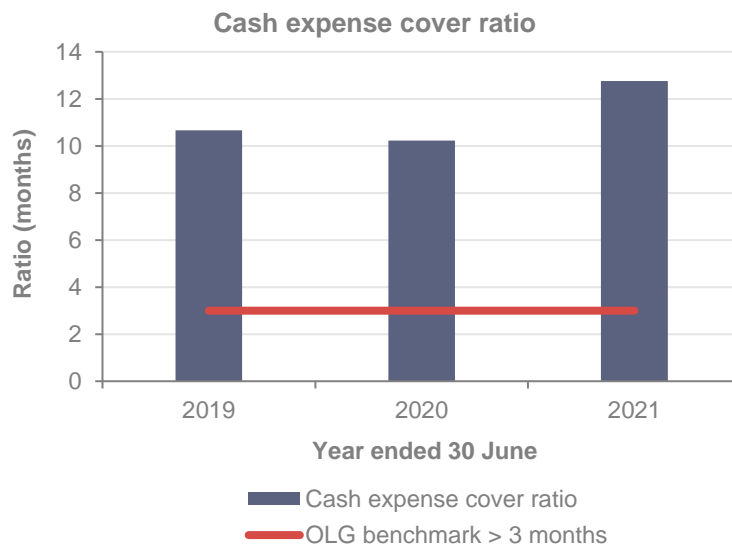
The Council exceeded the OLG benchmark for the current reporting period with a ratio of 4.45 per cent.



### Cash expense cover ratio

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

The Council exceeded the OLG benchmark for the current reporting period with a ratio of 12.76 months.



### Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment renewals for 2020-21 amounted to \$16.7 million in 2020-21 compared to \$23.1 million in 2019-20. The decrease of \$6.4 million is due to budgetary decisions for the 2020-21 year.

## OTHER MATTERS

### Legislative compliance

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

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

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Lisa Berwick  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Kevin Greene, Mayor  
Mr Stephen Horne, Chair of Audit, Risk and Improvement Committee

# Georges River Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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*A leading, people-focused organisation delivering  
outstanding results for our community and city.*





# Georges River Council

## Special Schedules

for the year ended 30 June 2021

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Report on infrastructure assets as at 30 June 2021

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## Georges River Council

### Permissible income for general rates (Merger Councils)

\$ '000	Notes	2020/21 Former Hurstville City Council	2020/21 Former Kogarah City Council	2020/21 Georges River Council	<b>2021/22 Georges River Council</b>
<b>Notional general income calculation <sup>1</sup></b>					
Last year notional general income yield	a	40,342	29,893	70,235	<b>72,750</b>
Plus or minus adjustments <sup>2</sup>	b	194	246	440	<b>269</b>
<b>Notional general income</b>	c = a + b	<b>40,536</b>	<b>30,139</b>	<b>70,675</b>	<b>73,019</b>
<b>Permissible income calculation</b>					
Special variation percentage	d	0.00%	0.00%		<b>5.80%</b>
Or rate peg percentage	e	2.60%	2.60%		<b>2.00%</b>
Less expiring special variation amount	g	-	-	-	<b>(2,301)</b>
Plus special variation amount	h = d x (c + g)	-	-	-	<b>4,102</b>
Or plus rate peg amount	i = e x (c + g)	1,054	784	1,838	<b>-</b>
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>41,590</b>	<b>30,923</b>	<b>72,513</b>	<b>74,820</b>
Plus (or minus) last year's carry forward total	l	(70)	-	(70)	<b>(310)</b>
Less valuation objections claimed in the previous year	m	(3)	(1)	(4)	<b>(1)</b>
<b>Sub-total</b>	n = (l + m)	<b>(73)</b>	<b>(1)</b>	<b>(74)</b>	<b>(311)</b>
<b>Total permissible income</b>	o = k + n	<b>41,517</b>	<b>30,922</b>	<b>72,439</b>	<b>74,509</b>
Less notional general income yield	p	41,521	31,229	72,750	<b>74,495</b>
<b>Catch-up or (excess) result</b>	q = o - p	<b>(4)</b>	<b>(307)</b>	<b>(311)</b>	<b>14</b>
Plus income lost due to valuation objections claimed	r	1	-	1	<b>-</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>(3)</b>	<b>(307)</b>	<b>(310)</b>	<b>14</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

## Georges River Council

### Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
<b>Buildings</b>	Buildings	3,313	13,253	3,521	7,100	178,655	265,748	45.7%	34.2%	11.3%	3.8%	5.0%	
	<b>Sub-total</b>	<b>3,313</b>	<b>13,253</b>	<b>3,521</b>	<b>7,100</b>	<b>178,655</b>	<b>265,748</b>	<b>45.7%</b>	<b>34.2%</b>	<b>11.3%</b>	<b>3.8%</b>	<b>5.0%</b>	
<b>Roads</b>	Sealed roads incl K&G	6,681	11,790	5,841	3,061	533,119	693,438	34.5%	52.2%	11.3%	1.9%	0.1%	
	Footpaths	100	3,133	1,875	3,347	67,965	109,661	10.3%	23.7%	61.4%	4.5%	0.1%	
	<b>Sub-total</b>	<b>6,781</b>	<b>14,923</b>	<b>7,716</b>	<b>6,408</b>	<b>601,084</b>	<b>803,099</b>	<b>31.2%</b>	<b>48.3%</b>	<b>18.1%</b>	<b>2.3%</b>	<b>0.1%</b>	
<b>Stormwater drainage</b>	Stormwater drainage	283	21,393	1,541	1,871	83,590	160,773	5.2%	94.0%	0.7%	0.1%	0.0%	
	<b>Sub-total</b>	<b>283</b>	<b>21,393</b>	<b>1,541</b>	<b>1,871</b>	<b>83,590</b>	<b>160,773</b>	<b>5.2%</b>	<b>94.0%</b>	<b>0.7%</b>	<b>0.1%</b>	<b>0.0%</b>	
<b>Open space / recreational assets / other structures</b>	Other	5,387	11,285	11,683	9,128	67,677	111,929	30.0%	19.0%	26.0%	22.0%	3.0%	
	<b>Sub-total</b>	<b>5,387</b>	<b>11,285</b>	<b>11,683</b>	<b>9,128</b>	<b>67,677</b>	<b>111,929</b>	<b>30.0%</b>	<b>19.0%</b>	<b>26.0%</b>	<b>22.0%</b>	<b>3.0%</b>	
<b>Total – all assets</b>		<b>15,764</b>	<b>60,854</b>	<b>24,461</b>	<b>24,507</b>	<b>931,006</b>	<b>1,341,549</b>	<b>30.9%</b>	<b>48.5%</b>	<b>15.4%</b>	<b>4.0%</b>	<b>1.3%</b>	

(a) Required maintenance is the amount identified in Council's asset management plans.

#### Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

## Georges River Council

### Report on infrastructure assets as at 30 June 2021

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2021	Indicator 2021	Indicator 2020	Benchmark
<b>Buildings and infrastructure renewals ratio</b>				
Asset renewals <sup>1</sup>	<b>16,643</b>	<b>54.83%</b>	71.07%	>= 100.00%
Depreciation, amortisation and impairment	<b>30,353</b>			
<b>Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<b>15,764</b>	<b>1.63%</b>	1.49%	< 2.00%
Net carrying amount of infrastructure assets	<b>967,635</b>			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	<b>24,507</b>	<b>100.19%</b>	101.33%	> 100.00%
Required asset maintenance	<b>24,461</b>			
<b>Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<b>60,854</b>	<b>4.54%</b>	4.49%	
Gross replacement cost	<b>1,341,549</b>			

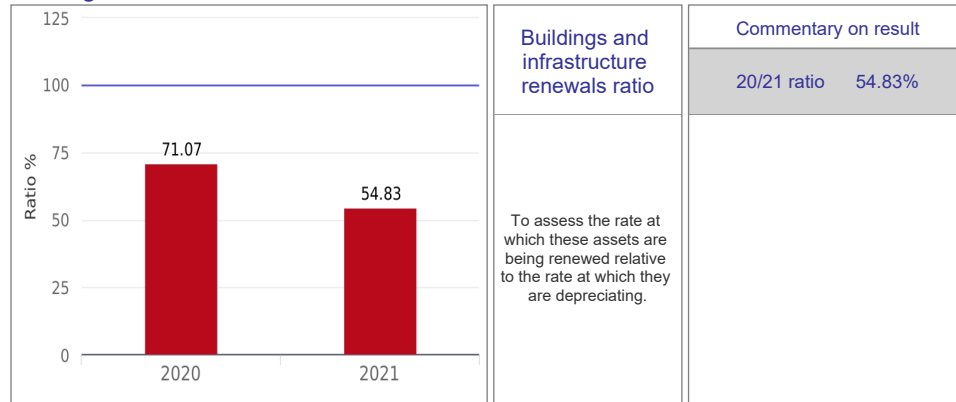
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

# Georges River Council

## Report on infrastructure assets as at 30 June 2021

### Buildings and infrastructure renewals ratio



Commentary on result	
20/21 ratio	54.83%

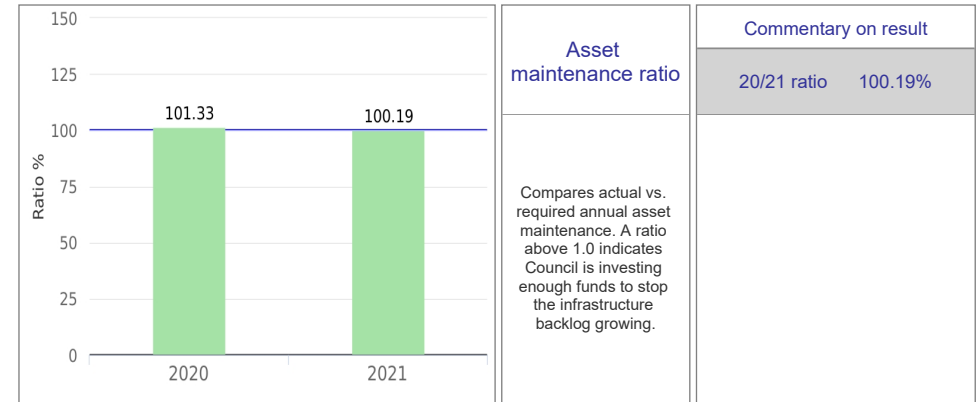
Benchmark: —  $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



Commentary on result	
20/21 ratio	100.19%

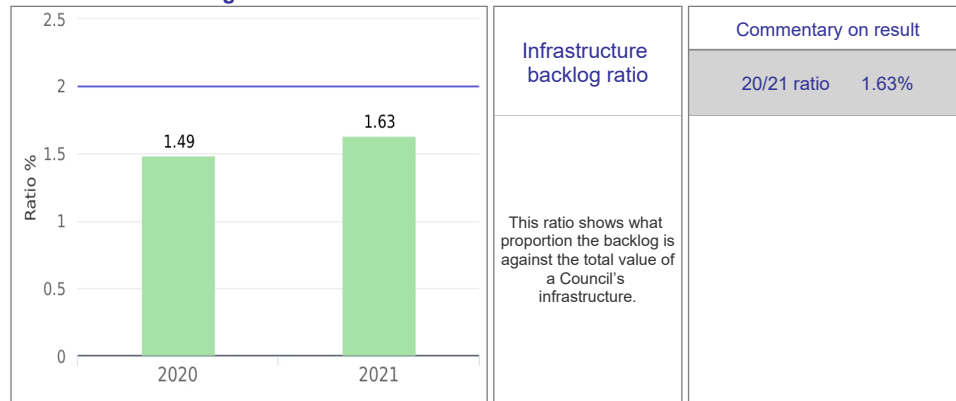
Benchmark: —  $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



Commentary on result	
20/21 ratio	1.63%

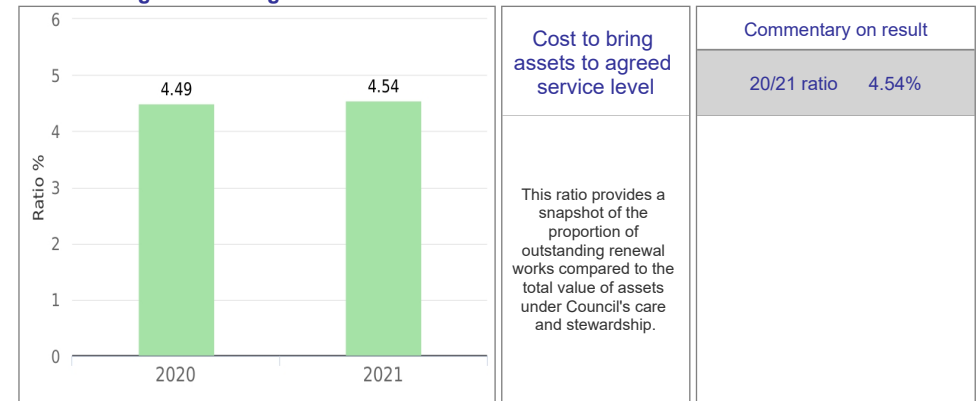
Benchmark: —  $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



Commentary on result	
20/21 ratio	4.54%



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Georges River Council

To the Councillors of Georges River Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Schedule**

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

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

## **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Lisa Berwick', with a horizontal line underneath the name.

Lisa Berwick

Delegate of the Auditor-General for New South Wales

31 January 2022  
SYDNEY