

# Georges River Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

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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 2022

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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 2022

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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 2022

### 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 2022.

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 2022

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### Statement by Councillors and Management made pursuant to Section 413 (2c) 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 31 October 2022.



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Nick Katris  
**Mayor**  
22 December 2022



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Kathryn Landsberry  
**Deputy Mayor**  
22 December 2022



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David Tuxford  
**Acting General Manager**  
22 December 2022



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Danielle Parker  
**Acting Director Business and Corporate Services**  
22 December 2022



## Georges River Council

### Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Net operating result for the year – from Income Statement</b>		<b>26,065</b>	<b>2,111</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>180,899</u>	<u>(487)</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>180,899</b>	<b>(487)</b>
<b>Total other comprehensive income for the period</b>		<b>180,899</b>	<b>(487)</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>206,964</b>	<b>1,624</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 2022

\$ '000	Notes	2022	2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	24,533	24,744
Investments	C1-2	112,261	94,534
Receivables	C1-4	9,517	10,636
Inventories	C1-5	98	84
Other	C1-9	951	956
<b>Total current assets</b>		<b>147,360</b>	130,954
<b>Non-current assets</b>			
Investments	C1-2	51,000	41,013
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,534,665	1,360,812
Investment property	C1-7	27,953	20,000
Intangible assets	C1-8	262	901
Right of use assets	C2-1	98	119
<b>Total non-current assets</b>		<b>1,613,978</b>	1,422,845
<b>Total assets</b>		<b>1,761,338</b>	1,553,799
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	26,012	25,942
Contract liabilities	C3-2	11,487	7,663
Lease liabilities	C2-1	44	42
Borrowings	C3-3	125	500
Employee benefit provisions	C3-4	12,171	14,382
Provisions	C3-5	264	770
<b>Total current liabilities</b>		<b>50,103</b>	49,299
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	53	76
Borrowings	C3-3	-	125
Employee benefit provisions	C3-4	531	609
Provisions	C3-5	10	13
<b>Total non-current liabilities</b>		<b>594</b>	823
<b>Total liabilities</b>		<b>50,697</b>	50,122
<b>Net assets</b>		<b>1,710,641</b>	1,503,677
<b>EQUITY</b>			
Accumulated surplus	C4-1	1,420,666	1,394,601
IPPE revaluation reserve	C4-1	289,975	109,076
<b>Council equity interest</b>		<b>1,710,641</b>	1,503,677
<b>Total equity</b>		<b>1,710,641</b>	1,503,677

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 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,394,601	109,076	1,503,677	1,392,490	109,563	1,502,053
<b>Opening balance</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>
Net operating result for the year		26,065	–	26,065	2,111	–	2,111
<b>Net operating result for the period</b>		<b>26,065</b>	<b>–</b>	<b>26,065</b>	<b>2,111</b>	<b>–</b>	<b>2,111</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	180,899	180,899	–	(487)	(487)
<b>Other comprehensive income</b>		<b>–</b>	<b>180,899</b>	<b>180,899</b>	<b>–</b>	<b>(487)</b>	<b>(487)</b>
<b>Total comprehensive income</b>		<b>26,065</b>	<b>180,899</b>	<b>206,964</b>	<b>2,111</b>	<b>(487)</b>	<b>1,624</b>
<b>Closing balance at 30 June</b>		<b>1,420,666</b>	<b>289,975</b>	<b>1,710,641</b>	<b>1,394,601</b>	<b>109,076</b>	<b>1,503,677</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 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
105,884	Rates and annual charges		104,248	101,010
15,359	User charges and fees		11,267	13,644
–	Interest received		1,189	1,939
33,183	Grants and contributions		34,722	34,225
–	Bonds, deposits and retentions received		809	–
12,622	Other		12,441	12,985
<i>Payments:</i>				
(60,236)	Payments to employees		(63,964)	(58,787)
(43,957)	Payments for materials and services		(61,114)	(60,620)
(25)	Borrowing costs		(11)	(21)
–	Bonds, deposits and retentions refunded		–	(321)
(23,434)	Other		(935)	(790)
39,396	<b>Net cash flows from operating activities</b>	G1-1	<b>38,652</b>	43,264
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
1,362	Sale of investments		74,532	66,384
4,575	Proceeds from sale of IPPE		12,452	10,715
<i>Payments:</i>				
–	Purchase of investments		(66,516)	(57,042)
–	Acquisition of term deposits		(36,000)	(24,013)
–	Purchase of investment property		–	(143)
(32,120)	Payments for IPPE		(22,785)	(38,370)
–	Purchase of intangible assets		–	(92)
(26,183)	<b>Net cash flows from investing activities</b>		<b>(38,317)</b>	(42,561)
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(500)	Repayment of borrowings		(500)	(500)
–	Principal component of lease payments		(46)	(42)
(500)	<b>Net cash flows from financing activities</b>		<b>(546)</b>	(542)
12,713	<b>Net change in cash and cash equivalents</b>		<b>(211)</b>	161
–	Cash and cash equivalents at beginning of year		24,744	24,583
12,713	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>24,533</b>	24,744

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 31 October 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 but 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 2022 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 2022. 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Functions or activities</b>										
A HARMONIOUS AND PROUD COMMUNITY WITH STRONG SOCIAL SERVICES AND INFRASTRUCTURE	29,042	16,284	25,649	23,737	3,393	(7,453)	5,804	4,784	3,614	5,582
QUALITY, WELL PLANNED DEVELOPMENT	2,340	2,771	5,251	6,027	(2,911)	(3,256)	86	–	86,511	77,959
A DIVERSE AND PRODUCTIVE ECONOMY	17,810	22,116	7,669	8,121	10,141	13,995	10,263	14,106	49,145	42,686
A PROTECTED ENVIRONMENT AND GREEN OPEN SPACES	31,999	33,289	35,986	35,067	(3,987)	(1,778)	1,570	2,914	109,442	107,182
LEADERSHIP AND TRANSPARENCY	82,382	78,069	51,025	68,406	31,357	9,663	6,016	4,873	51,848	34,333
ACTIVE AND ACCESSIBLE PLACES AND SPACES	12,247	13,464	24,175	22,524	(11,928)	(9,060)	5,327	5,847	1,460,778	1,286,057
<b>Total functions and activities</b>	<b>175,820</b>	<b>165,993</b>	<b>149,755</b>	<b>163,882</b>	<b>26,065</b>	<b>2,111</b>	<b>29,066</b>	<b>32,524</b>	<b>1,761,338</b>	<b>1,553,799</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	2022	2021
<b>Ordinary rates</b>		
Residential	64,443	61,239
Business	9,929	10,558
Less: pensioner rebates	(1,217)	(1,246)
<b>Rates levied to ratepayers</b>	<b>73,155</b>	<b>70,551</b>
Pensioner rate subsidies received	636	683
<b>Total ordinary rates</b>	<b>73,791</b>	<b>71,234</b>
<b>Special rates</b>		
Town improvement	(26)	696
<b>Rates levied to ratepayers</b>	<b>(26)</b>	<b>696</b>
<b>Total special rates</b>	<b>(26)</b>	<b>696</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	27,324	26,555
Stormwater management services	1,216	1,202
Waste management services (non-domestic)	1,803	1,827
Section 611 charges	76	79
Less: pensioner rebates	(522)	(530)
<b>Annual charges levied</b>	<b>29,897</b>	<b>29,133</b>
Pensioner subsidies received:		
– Domestic waste management	328	287
<b>Total annual charges</b>	<b>30,225</b>	<b>29,420</b>
<b>Total rates and annual charges</b>	<b>103,990</b>	<b>101,350</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	Timing	2022	2021
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Waste management services (non-domestic)	1	7	57
<b>Total specific user charges</b>		<b>7</b>	<b>57</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	2	3,541	3,989
Regulatory fees	2	559	719
Section 10.7 certificates (EP&A Act)	2	347	413
Section 603 certificates	2	245	225
<b>Total fees and charges – statutory/regulatory</b>		<b>4,692</b>	<b>5,346</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Child care	1	2,702	2,490
Leaseback fees – Council vehicles	1	364	439
Leisure centre	1	1,042	–
Restoration charges	2	1,177	1,700
Golf course	1	507	542
Library	2	29	47
Parks income	1	599	1,296
Public halls	1	443	489
Tennis courts	1	108	82
Other - Jubilee oval ticket sales	2	960	1,289
Other	2	129	126
<b>Total fees and charges – other</b>		<b>8,060</b>	<b>8,500</b>
<b>Total other user charges and fees</b>		<b>12,752</b>	<b>13,846</b>
<b>Total user charges and fees</b>		<b>12,759</b>	<b>13,903</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		5,772	5,329
User charges and fees recognised at a point in time (2)		6,987	8,574
<b>Total user charges and fees</b>		<b>12,759</b>	<b>13,903</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 revenues

\$ '000	Timing	2022	2021
Rental income – investment property	1	1,762	1,737
Rental income – other council properties	1	3,153	2,966
Fines	2	439	549
Fines – parking	2	5,870	5,606
Legal fees recovery – rates and charges (extra charges)	2	267	185
Legal fees recovery – other	2	278	278
Commissions and agency fees	2	290	503
Diesel rebate	2	21	29
Insurance claims recoveries	2	163	125
Sponsorships	1	152	131
Tree management income	2	163	113
Lease rental income	2	89	85
Other	2	251	297
<b>Total other revenue</b>		<b>12,898</b>	<b>12,604</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	5,067	4,920
Other revenue recognised at a point in time (2)	7,831	7,684
<b>Total other revenue</b>	<b>12,898</b>	<b>12,604</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	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance	2	2,350	2,195	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance	2	3,614	2,350	–	–
<b>Amount recognised as income during current year</b>		<b>5,964</b>	<b>4,545</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	1	4,511	3,678	–	–
Environmental programs	1	282	166	147	–
Library	1	481	463	52	27
LIRS subsidy	1	11	22	–	–
Waste management	1	169	170	–	–
Parks	1	–	30	152	2,738
Stronger communities fund	1	–	–	628	921
Community services	1	628	65	–	–
Street lighting	1	456	342	–	–
Transport (roads to recovery)	1	706	710	–	–
Transport (other roads and bridges funding)	1	67	55	–	–
COVID-19 Pandemic Support	1	250	–	–	–
Other specific grants	1	24	600	10	368
<b>Previously contributions:</b>					
Kerb and gutter	1	–	–	–	2
Transport for NSW contributions (regional roads, block grant)	1	462	462	767	1,474
Other contributions	1	163	21	–	–
Parks – contribution by sporting club	1	–	–	723	280
Other voluntary planning agreements	1	–	–	–	2
DCP and LEP Strategic Planning	1	56	553	–	–
Local Road and Community Infrastructure Grant	1	–	–	2,151	1,280
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>8,266</b>	<b>7,337</b>	<b>4,630</b>	<b>7,092</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>8,266</b>	<b>7,337</b>	<b>4,630</b>	<b>7,092</b>
<b>Total grants and non-developer contributions</b>		<b>14,230</b>	<b>11,882</b>	<b>4,630</b>	<b>7,092</b>
<b>Comprising:</b>					
– Commonwealth funding		6,683	5,097	2,779	4,015
– State funding		7,278	6,724	1,198	2,850
– Other funding		269	61	653	227
		<b>14,230</b>	<b>11,882</b>	<b>4,630</b>	<b>7,092</b>

## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Timing	<b>Operating 2022</b>	Operating 2021	<b>Capital 2022</b>	Capital 2021
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	F4					
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	–	–	<b>1,640</b>	4,656
S 7.11 – contributions towards amenities/services		2	–	–	<b>8,471</b>	8,614
Other developer contributions		2	–	–	–	280
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>10,111</b>	<b>13,550</b>
<b>Non-cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	<b>95</b>	–
<b>Total developer contributions non-cash</b>			<b>–</b>	<b>–</b>	<b>95</b>	<b>–</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>10,206</b>	<b>13,550</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>10,206</b>	<b>13,550</b>
<b>Total grants and contributions</b>			<b>14,230</b>	<b>11,882</b>	<b>14,836</b>	<b>20,642</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			<b>8,267</b>	7,338	<b>4,628</b>	7,146
Grants and contributions recognised at a point in time (2)			<b>5,963</b>	4,544	<b>10,208</b>	13,496
<b>Total grants and contributions</b>			<b>14,230</b>	<b>11,882</b>	<b>14,836</b>	<b>20,642</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 2022	Operating 2021	Capital 2022	Capital 2021
<b>Unspent grants</b>				
Unspent funds at 1 July	799	688	2,902	946
<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	1,980	661	5,329	2,658
<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	(468)	(550)	(2,399)	(702)
<b>Unspent funds at 30 June</b>	<b>2,311</b>	<b>799</b>	<b>5,832</b>	<b>2,902</b>
<b>Contributions</b>				
Unspent funds at 1 July	–	–	72,950	75,114
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	10,112	13,550
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(2,161)	(15,714)
<b>Unspent contributions at 30 June</b>	<b>–</b>	<b>–</b>	<b>80,901</b>	<b>72,950</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	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	198	128
– Cash and investments	1,398	1,692
<b>Total interest and investment income (losses)</b>	<b>1,596</b>	<b>1,820</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	143	90
General Council cash and investments	586	527
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	510	711
– Section 7.4 VPAs	92	117
Domestic waste management operations	214	287
Other externally restricted assets Town Improvement Rates	25	36
Other externally restricted assets Stormwater Management	2	2
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	24	50
<b>Total interest and investment income</b>	<b>1,596</b>	<b>1,820</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	2022	2021
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		7,953	547
<b>Total fair value increment on investment properties</b>	C1-7	<b>7,953</b>	<b>547</b>
<b>Fair value increment on investments</b>			
Fair value increment on investments through profit and loss		8	148
<b>Total Fair value increment on investments</b>		<b>8</b>	<b>148</b>
<b>Total other income</b>		<b>7,961</b>	<b>695</b>



## B3 Costs of providing services

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

\$ '000	2022	2021
Salaries and wages	46,339	47,926
Employee termination costs (where material – other than vested leave paid)	2,308	800
Travel expenses	532	543
Employee leave entitlements (ELE)	4,620	4,441
Superannuation	4,659	4,408
Superannuation – defined benefit plans	612	893
Workers' compensation insurance	1,064	1,196
Fringe benefit tax (FBT)	89	118
Training costs (other than salaries and wages)	450	420
Other	3	72
<b>Total employee costs</b>	<b>60,676</b>	<b>60,817</b>
Less: capitalised costs	(1,015)	(1,393)
<b>Total employee costs expensed</b>	<b>59,661</b>	<b>59,424</b>
Number of 'full-time equivalent' employees (FTE) at year end	528	561

#### 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	2022	2021
Raw materials and consumables		2,057	2,216
Contractor and consultancy costs – waste services		22,465	22,062
Contractor and consultancy costs – contractors (various services)		10,205	9,979
Contractor and consultancy costs – consultancy costs		1,797	2,966
Audit Fees	E2-1	150	146
Councillor and Mayoral fees and associated expenses	E1-2	547	526
Advertising		143	158
Bank charges		90	81
Election expenses		758	–
Electricity and heating		1,045	1,002
Insurance		1,903	1,429
Postage		257	284
Printing and stationery		291	374
Street lighting		1,864	1,838
Telephone and communications		507	467
Valuation fees		289	317
Catering food and beverage		197	222
Commission charges		1,262	1,079
Exhibitions, festivals and events		1,755	772
Property expenses – utilities		594	906
Property expenses – other		5,112	5,096
Memberships and subscriptions		550	485
Other recruitment and staff well being		68	54
<b>Legal expenses:</b>			
– Legal expenses: planning and development		71	76
– Legal expenses: other		1,955	2,397
Expenses from leases of low value assets		355	277
IT expenses		3,409	2,508
Motor vehicle expenses		1,163	1,163
Other maintenance of assets		157	118
Other		410	838
<b>Total materials and services</b>		<b>61,426</b>	<b>59,836</b>
<b>Total materials and services</b>		<b>61,426</b>	<b>59,836</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	2022	2021
<b>(i) Interest bearing liability costs</b>		
Interest on leases	2	2
Interest on loans	9	19
<b>Total interest bearing liability costs</b>	<b>11</b>	<b>21</b>
<b>Total interest bearing liability costs expensed</b>	<b>11</b>	<b>21</b>
<b>Total borrowing costs expensed</b>	<b>11</b>	<b>21</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	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		1,903	2,328
Office equipment		532	556
Furniture and fittings		260	228
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		2,696	2,557
– Buildings – specialised		3,102	2,711
– Roads		7,618	7,723
– Footpaths		1,386	1,346
– Stormwater drainage		1,390	1,339
– Open space and other structures		4,366	4,551
Right of use assets	C2-1	46	43
<b>Other assets:</b>			
– Library books		334	363
– Other		–	(3)
Intangible assets	C1-8	407	417
<b>Total gross depreciation and amortisation costs</b>		<b>24,040</b>	<b>24,159</b>
<b>Total depreciation and amortisation costs</b>		<b>24,040</b>	<b>24,159</b>
<b>Impairment / revaluation decrement of IPPE</b>			
Community land		–	6,985
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		–	5,769
– Open space and other structures		–	4,357
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>–</b>	<b>17,111</b>
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>17,111</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>24,040</b>	<b>41,270</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**

\$ '000	Notes	2022	2021
<b>Impairment of receivables</b>			
Other		1,412	(95)
<b>Total impairment of receivables</b>	C1-4	<b>1,412</b>	<b>(95)</b>
<b>Fair value decrement on investments</b>			
Fair value decrement on investments through profit and loss		246	–
<b>Total Fair value decrement on investments</b>	C1-2	<b>246</b>	<b>–</b>
<b>Other</b>			
Contributions/levies to other levels of government		–	–
– Department of planning levy		313	308
– Emergency services levy (includes FRNSW, SES, and RFS levies)		1,917	2,362
– Other contributions/levies		1	1
Donations, contributions and assistance to other organisations (Section 356)		728	755
<b>Total other</b>		<b>2,959</b>	<b>3,426</b>
<b>Total other expenses</b>		<b>4,617</b>	<b>3,331</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	2022	2021
<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>–</b>	<b>64</b>
<b>Gain (or loss) on disposal of plant and equipment</b>		
Proceeds from disposal – plant and equipment	1,100	411
Less: carrying amount of plant and equipment assets sold/written off	(336)	(202)
<b>Gain (or loss) on disposal</b>	<b>764</b>	<b>209</b>
<b>Gain (or loss) on disposal of infrastructure</b>		
Proceeds from disposal – infrastructure	240	–
Less: carrying amount of infrastructure assets sold/written off	–	–
<b>Gain (or loss) on disposal</b>	<b>240</b>	<b>–</b>
<b>Gain (or loss) on disposal of investments</b>		
Proceeds from disposal/redemptions/maturities – investments	74,532	66,384
Less: carrying amount of investments sold/redeemed/matured	(74,564)	(66,230)
<b>Gain (or loss) on disposal</b>	<b>(32)</b>	<b>154</b>
<b>Office Equipment</b>		
Proceeds from disposal – Office equipment	2	3
Less: carrying amount of Office equipment assets sold/written off	–	–
<b>Gain (or loss) on disposal</b>	<b>2</b>	<b>3</b>
<b>Library Collection</b>		
Proceeds from disposal – Library collection	–	–
Less: carrying amount of Library collection assets sold/written off	(28)	(76)
<b>Gain (or loss) on disposal</b>	<b>(28)</b>	<b>(76)</b>
<b>Land</b>		
Proceeds from disposal – Land	11,110	9,032
Less: carrying amount of Land assets sold/written off	(4,506)	(6,289)
<b>Gain (or loss) on disposal</b>	<b>6,604</b>	<b>2,743</b>
<b>Net gain (or loss) from disposal of assets</b>	<b>7,550</b>	<b>3,097</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 28/06/2021 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	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	102,141	103,990	1,849	2% <b>F</b>
<b>User charges and fees</b>	15,148	12,759	(2,389)	(16)% <b>U</b>
The unfavourable variance was driven by COVID-19 related closures and reduction in service demand. The main areas impacted were Childcare, Hurstville Aquatic Centre and Hurstville Entertainment Centre.				
<b>Other revenues</b>	12,295	12,898	603	5% <b>F</b>
<b>Operating grants and contributions</b>	15,364	14,230	(1,134)	(7)% <b>U</b>
<b>Capital grants and contributions</b>	18,216	14,836	(3,380)	(19)% <b>U</b>
The unfavourable variance was largely due to the delayed recognition of grant income because of project delays, partly resulting from COVID-19 and unprecedented rain.				
<b>Interest and investment revenue</b>	1,050	1,596	546	52% <b>F</b>
The favourable variance was mostly due to higher interest earned on investments.				
<b>Net gains from disposal of assets</b>	2,975	7,550	4,575	154% <b>F</b>
The favourable variance resulted from the sale of the Edgbaston Road carpark to NSW State Government.				
<b>Other income</b>	-	7,961	7,961	∞ <b>F</b>
The favourable variance was due to the increased valuation of investment properties.				

## B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Expenses</b>				
Employee benefits and on-costs	60,495	59,661	834	1% F
Materials and services	63,918	61,426	2,492	4% F
Borrowing costs	25	11	14	56% F
The favourable variance was due to a reduction in loan interest.				
Depreciation, amortisation and impairment of non-financial assets	24,894	24,040	854	3% F
Other expenses	4,107	4,617	(510)	(12)% U
<b>Statement of cash flows</b>				
Cash flows from operating activities	39,396	38,652	(744)	(2)% U
Cash flows from investing activities	(26,183)	(38,317)	(12,134)	46% U
The sale and purchase of investment securities is difficult to estimate as they are based on forecasts prior to year-end actuals being finalised. Therefore they were not included in the original cash flow budget.				
Cash flows from financing activities	(500)	(546)	(46)	9% U

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	19,443	13,677
Cash equivalent assets		
– Deposits at call	5,090	11,067
<b>Total cash and cash equivalents</b>	<b>24,533</b>	<b>24,744</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	24,533	24,744
<b>Balance as per the Statement of Cash Flows</b>	<b>24,533</b>	<b>24,744</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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Floating Rate Notes (with maturities > 3 months)	23,248	–	31,534	–
<b>Total</b>	<b>23,248</b>	<b>–</b>	<b>31,534</b>	<b>–</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	89,013	51,000	63,000	41,013
<b>Total</b>	<b>89,013</b>	<b>51,000</b>	<b>63,000</b>	<b>41,013</b>
<b>Total financial investments</b>	<b>112,261</b>	<b>51,000</b>	<b>94,534</b>	<b>41,013</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>136,794</b>	<b>51,000</b>	<b>119,278</b>	<b>41,013</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)

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 and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>187,794</b>	160,291
Less: Externally restricted cash, cash equivalents and investments	<u>(115,976)</u>	<u>(103,718)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>71,818</b>	56,573
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>8,143</u>	<u>3,701</u>
<b>External restrictions – included in liabilities</b>	<b>8,143</b>	3,701
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	82,270	73,720
Environmental and stormwater levies	1,897	1,356
Town improvement levy	2,234	3,402
Special rate levy	519	1,203
Domestic waste management	20,913	20,336
<b>External restrictions – other</b>	<b>107,833</b>	100,017
<b>Total external restrictions</b>	<b>115,976</b>	103,718

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2022	2021
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>71,818</b>	56,573
Less: Internally restricted cash, cash equivalents and investments	<u>(61,818)</u>	<u>(49,357)</u>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>10,000</b>	7,216
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	7,884	6,877
Employees leave entitlement	6,126	6,126
Deposits, retentions and bonds	4,240	4,240
Childcare equipment	956	1,014
Election reserve	1,823	1,623
Hurstville golf course	112	82
Asset management	6,514	3,702
Commercial property	20,279	11,505
Strategic centres	5,743	5,743
Financial assistance grant	3,614	2,350
Revolving Energy	69	32
Tree Preservation	606	535
Stronger communities fund	1,790	3,672

**C1-3 Restricted and allocated cash, cash equivalents and investments (continued)**

<b>\$ '000</b>	<b>2022</b>	2021
Aquatic facilities	<b>115</b>	115
Merger Initiatives Allocation	<b>1,388</b>	1,388
Outdoor Synthetic Sports Fields	<b>114</b>	124
Heritage Building Grants Program	<b>67</b>	77
Street Lighting	<b>179</b>	152
Passenger Sustainable Fleet	<b>31</b>	–
Waste Strategy Implementation	<b>168</b>	–
<b>Total internal allocations</b>	<b>61,818</b>	<b>49,357</b>

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

<b>\$ '000</b>	<b>2022</b>	2021
<b>(c) Unrestricted and unallocated</b>		
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>10,000</b>	<b>7,216</b>

## C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Rates and annual charges	4,097	–	4,233	–
Interest and extra charges	620	–	480	–
User charges and fees	3,842	–	2,707	–
Contributions to works	1	–	1	–
Accrued revenues				
– Interest on investments	604	–	337	–
– Other income accruals	779	–	599	–
Government grants and subsidies	125	–	1,695	–
Net GST receivable	1,469	–	1,199	–
Other debtors	2	–	2	–
<b>Total</b>	<b>11,539</b>	<b>–</b>	<b>11,253</b>	<b>–</b>
<b>Less: provision for impairment</b>				
Debtors	(2,022)	–	(617)	–
<b>Total provision for impairment – receivables</b>	<b>(2,022)</b>	<b>–</b>	<b>(617)</b>	<b>–</b>
<b>Total net receivables</b>	<b>9,517</b>	<b>–</b>	<b>10,636</b>	<b>–</b>
<b>Externally restricted receivables</b>				
Domestic waste management	1,106	–	1,163	–
Town improvement	(6)	–	27	–
Stormwater management	24	–	22	–
<b>Total external restrictions</b>	<b>1,124</b>	<b>–</b>	<b>1,212</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>8,393</b>	<b>–</b>	<b>9,424</b>	<b>–</b>
<b>Total net receivables</b>	<b>9,517</b>	<b>–</b>	<b>10,636</b>	<b>–</b>

\$ '000	2022	2021
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	617	712
+ new provisions recognised during the year	1,706	260
– amounts already provided for and written off this year	(8)	–
– amounts provided for but recovered during the year	(293)	(355)
<b>Balance at the end of the year</b>	<b>2,022</b>	<b>617</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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	98	–	84	–
<b>Total inventories at cost</b>	<b>98</b>	<b>–</b>	<b>84</b>	<b>–</b>
<b>Total inventories</b>	<b>98</b>	<b>–</b>	<b>84</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 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	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	36,629	–	36,629	2,238	5,787	–	–	(27,119)	(731)	–	–	16,804	–	16,804
Plant and equipment	21,327	(14,063)	7,264	–	3,998	(287)	(1,903)	123	–	–	–	22,769	(13,574)	9,195
Office equipment	5,671	(4,741)	930	–	–	–	(532)	–	–	–	–	5,671	(5,273)	398
Furniture and fittings	4,576	(2,899)	1,677	–	–	–	(260)	–	–	–	–	4,576	(3,159)	1,417
<b>Land:</b>														
– Operational land	217,231	–	217,231	–	–	(4,506)	–	–	–	–	121,361	334,086	–	334,086
– Community land	136,252	–	136,252	–	95	–	–	–	–	–	–	136,347	–	136,347
– Council controlled land	28,150	–	28,150	–	–	–	–	–	–	–	–	28,150	–	28,150
– Land under roads (post 30/6/08)	727	–	727	–	–	–	–	–	–	–	–	727	–	727
<b>Infrastructure:</b>														
– Buildings – non-specialised	121,962	(39,692)	82,270	269	1,004	–	(2,696)	13,940	–	–	13,917	148,031	(39,328)	108,703
– Buildings – specialised	143,785	(47,400)	96,385	–	–	–	(3,102)	–	–	–	16,379	152,664	(43,001)	109,663
– Roads	580,465	(160,319)	420,146	4,028	277	–	(7,618)	233	–	–	8,409	561,659	(136,183)	425,476
– Footpaths	109,661	(41,696)	67,965	164	572	–	(1,386)	2,941	–	(14,004)	–	110,615	(54,363)	56,252
– Bulk earthworks (non-depreciable)	112,973	–	112,973	–	–	–	–	–	–	–	26,446	139,419	–	139,419
– Stormwater drainage	160,773	(77,183)	83,590	540	110	–	(1,390)	2	–	–	1,540	162,155	(77,763)	84,392
– Open space and other structures <sup>2</sup>	111,929	(44,252)	67,677	809	1,879	–	(4,366)	9,880	–	–	6,890	125,760	(42,991)	82,769
<b>Other assets:</b>														
– Library books	3,429	(2,532)	897	–	372	(27)	(334)	–	–	(39)	–	3,378	(2,511)	867
– Other	444	(395)	49	–	–	(49)	–	–	–	–	–	–	–	–
<b>Total infrastructure, property, plant and equipment</b>	<b>1,795,984</b>	<b>(435,172)</b>	<b>1,360,812</b>	<b>8,048</b>	<b>14,094</b>	<b>(4,869)</b>	<b>(23,587)</b>	<b>–</b>	<b>(731)</b>	<b>(14,043)</b>	<b>194,942</b>	<b>1,952,811</b>	<b>(418,146)</b>	<b>1,534,665</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 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	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
– Land under roads (post 30/6/08)	727	–	727	–	–	–	–	–	–	–	–	–	727	–	727
– Council controlled land	6,925	–	6,925	–	–	–	–	–	–	19,024	–	2,201	28,150	–	28,150
<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	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
– Other open space/recreational assets	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).



## 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 150
Other plant and equipment	3 to 20	Buildings: other	15 to 60
<b>Transportation assets</b>		<b>Stormwater assets</b>	
Sealed roads: surface	25 to 40	Drains	80 to 150
Sealed roads: structure	50 to 100	Culverts	20 to 150
Unsealed roads	20	Flood control structures	80 to 100
Bridge: concrete	100		
Bridge: other	50	<b>Other infrastructure assets</b>	
Road pavements	60 to 80	Bulk earthworks	Infinite
Kerb, gutter and footpaths	30 to 100	Swimming pools	50 to 75
		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	2022	2021
<b>Owned investment property</b>		
Investment property on hand at fair value	27,953	20,000
<b>Total owned investment property</b>	<b>27,953</b>	<b>20,000</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	20,000	19,310
Net gain/(loss) from fair value adjustments	7,953	547
Other movements	-	143
<b>Closing balance at 30 June</b>	<b>27,953</b>	<b>20,000</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	2022	2021
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	4,297	4,205
Accumulated amortisation	(3,396)	(2,979)
<b>Net book value – opening balance</b>	<b>901</b>	<b>1,226</b>
<b>Movements for the year</b>		
Purchases	–	92
Amortisation charges	(407)	(417)
Gross book value written off	(3,745)	–
Accumulated amortisation charges written off	3,513	–
<b>Closing values at 30 June</b>		
Gross book value	552	4,297
Accumulated amortisation	(290)	(3,396)
<b>Total software – net book value</b>	<b>262</b>	<b>901</b>
<b>Total intangible assets – net book value</b>	<b>262</b>	<b>901</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.

## C1-9 Other

### Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	951	–	931	–
Deposit to supplier	–	–	25	–
<b>Total other assets</b>	<b>951</b>	<b>–</b>	<b>956</b>	<b>–</b>

## 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>2022</b>		
Opening balance at 1 July	119	119
<b>Additions to right-of-use assets</b>	<b>25</b>	<b>25</b>
Depreciation charge	(46)	(46)
<b>Balance at 30 June</b>	<b>98</b>	<b>98</b>
<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) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities <sup>1</sup>	44	53	42	76
<b>Total lease liabilities</b>	<b>44</b>	<b>53</b>	<b>42</b>	<b>76</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>2022</b>				
Cash flows	45	52	97	97
<b>2021</b>				
Cash flows	42	76	118	118

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

### (d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	2	2
Depreciation of right of use assets	46	43
Expenses relating to low-value leases	355	277
	<b>403</b>	<b>322</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	(403)	(322)
	<b>(403)</b>	<b>(322)</b>

### 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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services – operating expenditure	3,507	–	3,413	–
Goods and services – capital expenditure	300	–	1,769	–
Prepaid rates	869	–	747	–
Accrued expenses:				
– Salaries and wages	857	–	2,871	–
– Other expenditure accruals	7,216	–	5,170	–
Security bonds, deposits and retentions	10,550	–	9,741	–
ATO fringe benefits tax	15	–	24	–
Other	2,698	–	2,207	–
<b>Total payables</b>	<b>26,012</b>	<b>–</b>	<b>25,942</b>	<b>–</b>

#### Payables relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Externally restricted assets</b>				
Domestic waste management	2,179	–	1,767	–
Payables relating to externally restricted assets	2,179	–	1,767	–
<b>Total payables relating to restricted assets</b>	<b>2,179</b>	<b>–</b>	<b>1,767</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>23,833</b>	<b>–</b>	<b>24,175</b>	<b>–</b>
<b>Total payables</b>	<b>26,012</b>	<b>–</b>	<b>25,942</b>	<b>–</b>

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

\$ '000	2022	2021
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	7,747	7,141
<b>Total payables</b>	<b>7,747</b>	<b>7,141</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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	8,876	-	6,324	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	2,311	-	682	-
<b>Total grants received in advance</b>		<b>11,187</b>	<b>-</b>	<b>7,006</b>	<b>-</b>
Other		300	-	657	-
<b>Total contract liabilities</b>		<b>11,487</b>	<b>-</b>	<b>7,663</b>	<b>-</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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	8,143	-	3,701	-
<b>Contract liabilities relating to externally restricted assets</b>	<b>8,143</b>	<b>-</b>	<b>3,701</b>	<b>-</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>8,143</b>	<b>-</b>	<b>3,701</b>	<b>-</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>3,344</b>	<b>-</b>	<b>3,962</b>	<b>-</b>
<b>Total contract liabilities</b>	<b>11,487</b>	<b>-</b>	<b>7,663</b>	<b>-</b>

### Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2022	2021
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	2,777	1,574
Operating grants (received prior to performance obligation being satisfied)	350	476
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>3,127</b>	<b>2,050</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	2022		2021	2021
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	125	–	500	125
<b>Total borrowings</b>	<b>125</b>	<b>–</b>	<b>500</b>	<b>125</b>

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

#### Borrowings relating to restricted assets

\$ '000	2022		2021	2021
	Current	Non-current	Current	Non-current
<b>Total borrowings relating to unrestricted assets</b>	<b>125</b>	<b>–</b>	<b>500</b>	<b>125</b>
<b>Total borrowings</b>	<b>125</b>	<b>–</b>	<b>500</b>	<b>125</b>

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

\$ '000	2021		Non-cash movements	2022
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	625	(500)	–	125
Lease liability (Note C2-1b)	118	(21)	–	97
<b>Total liabilities from financing activities</b>	<b>743</b>	<b>(521)</b>	<b>–</b>	<b>222</b>

\$ '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>

#### (b) Financing arrangements

\$ '000	2022	2021
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	500	650
Credit cards/purchase cards	250	250
Other - Bank Guarantee	1,310	1,310
<b>Total financing arrangements</b>	<b>2,060</b>	<b>2,210</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	36	37
– Other - Bank Guarantee	410	410
<b>Total drawn financing arrangements</b>	<b>446</b>	<b>447</b>



**C3-3 Borrowings (continued)**

<b>\$ '000</b>	<b>2022</b>	2021
<b>Undrawn facilities</b>		
– Bank overdraft facilities	<b>500</b>	650
– Credit cards/purchase cards	<b>214</b>	213
– Other - Bank Guarantee	<b>900</b>	900
<b>Total undrawn financing arrangements</b>	<b>1,614</b>	1,763

(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	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	4,500	–	4,798	–
Sick leave	149	–	333	–
Long service leave	7,294	531	9,027	609
Other leave – RDO and TOIL	228	–	224	–
<b>Total employee benefit provisions</b>	<b>12,171</b>	<b>531</b>	<b>14,382</b>	<b>609</b>

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	6,053	9,659
	<b>6,053</b>	<b>9,659</b>

### Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
<b>2022</b>					
At beginning of year	4,798	333	9,636	224	14,991
Additional provisions	3,751	4	1,616	191	5,562
Amounts used (payments)	(3,970)	(159)	(2,595)	(186)	(6,910)
Remeasurement effects	(79)	(29)	(704)	(1)	(813)
Other – LSL Receipts	–	–	(128)	–	(128)
<b>Total ELE provisions at end of year</b>	<b>4,500</b>	<b>149</b>	<b>7,825</b>	<b>228</b>	<b>12,702</b>
<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>

### 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	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
<b>Other provisions</b>				
Other - Workers Compensation	212	10	313	13
Other	52	-	457	-
<b>Sub-total – other provisions</b>	<b>264</b>	<b>10</b>	<b>770</b>	<b>13</b>
<b>Total provisions</b>	<b>264</b>	<b>10</b>	<b>770</b>	<b>13</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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#### **IPPE 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 2022	Carrying value 2021	Fair value 2022	Fair value 2021
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	24,533	24,744	24,533	24,744
Receivables	9,517	10,636	9,517	10,636
Investments				
– Debt securities at amortised cost	140,013	104,013	140,013	104,013
<b>Fair value through profit and loss</b>				
Investments				
– Managed funds and Floating Rate Notes	23,248	31,534	23,248	31,534
<b>Total financial assets</b>	<b>197,311</b>	<b>170,927</b>	<b>197,311</b>	<b>170,927</b>
<b>Financial liabilities</b>				
Payables	26,012	25,942	26,012	25,923
Borrowings	125	625	125	625
<b>Total financial liabilities</b>	<b>26,137</b>	<b>26,567</b>	<b>26,137</b>	<b>26,548</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	2022	2021
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	1,878	1,603
Impact of a 10% movement in price of investments		
– Equity / Income Statement	2,325	3,153

## 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	overdue rates and annual charges < 5 years	≥ 5 years	Total
<b>2022</b>				
Gross carrying amount	–	4,097	–	4,097
<b>2021</b>				
Gross carrying amount	–	4,233	–	4,233

##### 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 debts			Total
			31 - 60 days	61 - 90 days	> 91 days	
<b>2022</b>						
Gross carrying amount	4,638	643	479	245	1,437	7,442
<b>2021</b>						
Gross carrying amount	3,846	281	1,185	205	1,503	7,020

## 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>2022</b>							
Payables	0.00%	10,550	15,462	-	-	26,012	26,012
Borrowings	3.55%	-	129	-	-	129	125
<b>Total financial liabilities</b>		<b>10,550</b>	<b>15,591</b>	<b>-</b>	<b>-</b>	<b>26,141</b>	<b>26,137</b>
<b>2021</b>							
Payables	0.00%	9,741	15,435	-	-	25,176	25,942
Borrowings	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>26,567</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				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2022	2021
		2022	2021	2022	2021	2022	2021
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss		–	–	23,248	31,534	23,248	31,534
<b>Total financial assets</b>		<b>–</b>	<b>–</b>	<b>23,248</b>	<b>31,534</b>	<b>23,248</b>	<b>31,534</b>
<b>Investment property</b>							
Properties held with the primary purpose of external lease	C1-7						
		27,953	20,000	–	–	27,953	20,000
<b>Total investment property</b>		<b>27,953</b>	<b>20,000</b>	<b>–</b>	<b>–</b>	<b>27,953</b>	<b>20,000</b>
<b>Infrastructure, property, plant and equipment</b>							
Plant and equipment	C1-6						
Office equipment		–	–	9,195	7,264	9,195	7,264
Furniture and fittings		–	–	398	930	398	930
Operational land		–	–	1,417	1,677	1,417	1,677
Community land		–	–	334,086	217,231	334,086	217,231
Council controlled land		–	–	136,347	136,252	136,347	136,252
Land under roads (post 30/6/08)		–	–	28,150	28,150	28,150	28,150
Buildings – non-specialised		–	–	727	727	727	727
Buildings – specialised		–	–	108,703	82,270	108,703	82,270
Roads and bridges		–	–	109,663	96,385	109,663	96,385
Footpaths		–	–	564,895	533,119	564,895	533,119
Open space and other structures		–	–	56,252	67,965	56,252	67,965
Stormwater drainage		–	–	82,769	67,677	82,769	67,677
Library books		–	–	84,392	83,590	84,392	83,590
Other assets		–	–	867	897	867	897
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>1,517,861</b>	<b>1,324,183</b>	<b>1,517,861</b>	<b>1,324,183</b>

## 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 were performed by APV Valuers & Asset Management as at 30 June 2022.

- **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 2021/22 valuation.
- APV Valuers & Asset Management performed an independent comprehensive valuation of Operational Land assets for the period ending 30 June 2022. 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.

APV Valuers & Asset Management performed an independent desktop valuation of Specialised building assets as at 30 June 2022.

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.

APV Valuers & Asset Management performed an independent desktop valuation of Non-specialised building assets as at 30 June 2022.

### ▪ 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 APV Valuers & Asset Management as at 30 June 2022.

Stormwater drainage were desktop valued by APV Valuers & Asset Management as at 30 June 2022.

Footpaths, Roads and Bridges were comprehensively valued by APV Valuers & Asset Management as at 30 June 2022.

## 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:

\$ '000	Financial assets		IPP&E		Total	
	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>31,534</b>	40,574	<b>1,324,182</b>	1,333,682	<b>1,355,716</b>	1,374,256
<b>Total gains or losses for the period</b>						
Recognised in profit or loss – realised	(294)	97	–	(17,111)	(294)	(17,014)
Recognised in other comprehensive income – revaluation surplus	–	–	<b>180,899</b>	(487)	<b>180,899</b>	(487)
<b>Other movements</b>						
Purchases (GBV)	<b>6,508</b>	5,093	<b>41,236</b>	39,348	<b>47,744</b>	44,441
Disposals (WDV)	<b>(14,500)</b>	(14,230)	<b>(4,869)</b>	(7,551)	<b>(19,369)</b>	(21,781)
Depreciation and impairment	–	–	<b>(23,587)</b>	(23,699)	<b>(23,587)</b>	(23,699)
<b>Closing balance</b>	<b>23,248</b>	31,534	<b>1,517,861</b>	1,324,182	<b>1,541,109</b>	1,355,716

### 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 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) 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 2019 to 31 December 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. 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.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

## D3-1 Contingencies (continued)

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 2022 was \$524,199. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$375,028.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

<b>Employer reserves only *</b>	<b>\$millions</b>	<b>Asset Coverage</b>
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

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

The share of any funding surplus or deficit that can be attributed to Council is 1.01%

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	5.5% 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.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022

### (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.



## D3-1 Contingencies (continued)

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### (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.

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	2022	2021
<b>Compensation:</b>		
Short-term benefits	2,624	2,589
Post-employment benefits	171	147
<b>Total</b>	<b>2,795</b>	<b>2,736</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

<b>\$ '000</b>	<b>2022</b>	2021
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	<b>63</b>	69
Councillors' fees	<b>369</b>	387
Other Councillors' expenses (including Mayor)	<b>115</b>	70
<b>Total</b>	<b>547</b>	<b>526</b>

## E2 Other relationships

### E2-1 Audit fees

\$ '000	2022	2021
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

#### **Auditors of the Council - NSW Auditor-General:**

##### **(i) Audit and other assurance services**

Audit and review of financial statements	150	146
<b>Total Auditor-General remuneration</b>	<b>150</b>	<b>146</b>

## F Other matters

### F1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	<b>26,065</b>	2,111
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	24,040	24,159
(Gain) / loss on disposal of assets	(7,550)	(3,097)
Non-cash capital grants and contributions	(95)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	238	(148)
– Investment property	(7,953)	(547)
– Revaluation decrements / impairments of IPP&E direct to P&L	–	17,111
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(286)	171
Increase / (decrease) in provision for impairment of receivables	1,405	(95)
(Increase) / decrease of inventories	(14)	29
(Increase) / decrease of other current assets	5	(225)
Increase / (decrease) in payables	326	(813)
Increase / (decrease) in other accrued expenses payable	32	525
Increase / (decrease) in other liabilities	1,413	1,773
Increase / (decrease) in contract liabilities	3,824	1,401
Increase / (decrease) in employee benefit provision	(2,289)	490
Increase / (decrease) in other provisions	(509)	419
<b>Net cash flows from operating activities</b>	<b>38,652</b>	<b>43,264</b>

## F2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	2,760	8,663
Plant and equipment	1,943	1,198
Parks	1,802	3,892
Infrastructure	2,565	453
Software	6	1
<b>Total commitments</b>	<b>9,076</b>	<b>14,207</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	9,076	14,207
<b>Total payable</b>	<b>9,076</b>	<b>14,207</b>

### F3-1 Events occurring after the reporting date

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

## F4 Statement of developer contributions as at 30 June 2022

### F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	164	–	–	1	–	–	165	–
Roads	538	61	–	4	–	–	603	–
Traffic facilities	2,596	34	–	22	–	–	2,652	–
Parking	728	232	–	7	–	–	967	–
Open space	35,691	3,578	95	283	(417)	–	39,135	–
Community facilities	7,078	435	–	122	(100)	–	7,535	–
Library	3,366	50	–	26	(52)	–	3,390	–
Urban space	3	–	–	–	–	–	3	–
Management	–	10	–	–	–	–	10	–
Open space, recreation and public domain facilities	5,909	1,661	–	(104)	(193)	–	7,273	–
Deficient car parking	596	19	–	102	(91)	–	626	–
Non residential development in central business district	2,652	–	–	11	–	–	2,663	–
<b>S7.11 contributions – under a plan</b>	<b>59,321</b>	<b>6,080</b>	<b>95</b>	<b>474</b>	<b>(853)</b>	<b>–</b>	<b>65,022</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>3,395</b>	<b>2,392</b>	<b>–</b>	<b>30</b>	<b>(1,295)</b>	<b>–</b>	<b>4,522</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>62,716</b>	<b>8,472</b>	<b>95</b>	<b>504</b>	<b>(2,148)</b>	<b>–</b>	<b>69,544</b>	<b>–</b>
S7.4 planning agreements	10,630	1,640	–	92	(13)	–	12,349	–
S7.13 Court Ordered Development Consen	374	–	–	3	–	–	377	–
<b>Total contributions</b>	<b>73,720</b>	<b>10,112</b>	<b>95</b>	<b>599</b>	<b>(2,161)</b>	<b>–</b>	<b>82,270</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.

### F4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN – repealed from 14 March 2013</b>								
Drainage	147	–	–	1	–	–	148	–
Traffic facilities	317	–	–	2	–	–	319	–
Parking	413	–	–	3	–	–	416	–

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## F4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Open space	641	-	-	6	(3)	-	644	-
Community facilities	948	-	-	7	-	-	955	-
Library	3,366	-	-	26	(52)	-	3,340	-
Urban space	3	-	-	-	-	-	3	-
<b>Total</b>	<b>5,835</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>(55)</b>	<b>-</b>	<b>5,825</b>	<b>-</b>
<b>CONTRIBUTION PLAN – commenced 14 March 2013</b>								
Community facilities	3,693	218	-	96	-	-	4,007	-
Open space, recreation and public domain facilities	5,909	1,542	-	(104)	(193)	-	7,154	-
Deficient car parking	504	19	-	101	(91)	-	533	-
Non residential development in central business district	2,652	-	-	11	-	-	2,663	-
<b>Total</b>	<b>12,758</b>	<b>1,779</b>	<b>-</b>	<b>104</b>	<b>(284)</b>	<b>-</b>	<b>14,357</b>	<b>-</b>
<b>CONTRIBUTION PLAN – NUMBER 1 – Roads &amp; Traffic Management</b>								
Roads	538	61	-	4	-	-	603	-
<b>Total</b>	<b>538</b>	<b>61</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>603</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 3 – Car Parking – Hurstville Town Centre</b>								
Parking	315	-	-	3	-	-	318	-
<b>Total</b>	<b>315</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>318</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 4 – Streetscape Improvement – Hurstville Town Centre</b>								
Open space	608	-	-	5	-	-	613	-
<b>Total</b>	<b>608</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>613</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 5 – Open Space (2006) – Embellishment &amp; Acquisition</b>								
Open space	15,548	1,842	95	103	(414)	-	17,079	-
<b>Total</b>	<b>15,548</b>	<b>1,842</b>	<b>95</b>	<b>103</b>	<b>(414)</b>	<b>-</b>	<b>17,079</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 6 – Hurstville south areas</b>								
Open space	751	-	-	7	-	-	758	-
<b>Total</b>	<b>751</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>758</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 8 – Kogarah Town Centre</b>								
Drainage	17	-	-	-	-	-	17	-
Traffic facilities	2,279	21	-	20	-	-	2,320	-
Open space	18,143	1,091	-	161	-	-	19,395	-
Deficient car parking	92	-	-	1	-	-	93	-

continued on next page ...

## F4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Community facilities	374	19	-	3	-	-	396	-
<b>Total</b>	<b>20,905</b>	<b>1,131</b>	<b>-</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>22,221</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER 9 – Kogarah Libraries – Buildings &amp; Books</b>								
Community facilities	557	112	-	3	(100)	-	572	-
<b>Total</b>	<b>557</b>	<b>112</b>	<b>-</b>	<b>3</b>	<b>(100)</b>	<b>-</b>	<b>572</b>	<b>-</b>
<b>CONTRIBUTION PLAN – Ramsgate commercial centre</b>								
Community facilities	1,506	-	-	13	-	-	1,519	-
<b>Total</b>	<b>1,506</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>1,519</b>	<b>-</b>
<b>Georges River Local Infrastructure Contributions Plan Commenced 1 Dec 2021</b>								
Traffic facilities	-	13	-	-	-	-	13	-
Parking	-	232	-	1	-	-	233	-
Open space	-	645	-	1	-	-	646	-
Community facilities	-	86	-	-	-	-	86	-
Library	-	50	-	-	-	-	50	-
Management	-	10	-	-	-	-	10	-
Open space, recreation and public domain facilities	-	119	-	-	-	-	119	-
<b>Total</b>	<b>-</b>	<b>1,155</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>1,157</b>	<b>-</b>
<b>S7.12 Levies – under a plan</b>								
<b>CONTRIBUTION PLANS</b>								
Georges River Council Section 7.12	3,395	1,969	-	30	(1,295)	-	4,099	-
<b>Total</b>	<b>3,395</b>	<b>1,969</b>	<b>-</b>	<b>30</b>	<b>(1,295)</b>	<b>-</b>	<b>4,099</b>	<b>-</b>
<b>Georges River Local Infrastructure Contributions Plan Commenced 1 Dec 2021</b>								
Georges River Council Section 7.12	-	423	-	-	-	-	423	-
<b>Total</b>	<b>-</b>	<b>423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>423</b>	<b>-</b>

## F5 Statement of performance measures

### F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
<b>1. Operating performance ratio</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(2,624)</b>	<b>(1.80)%</b>	(3.75)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>145,473</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>131,243</b>	<b>81.87%</b>	79.95%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>160,309</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>81,260</b>	<b>3.13x</b>	2.48x	> 1.50x
Current liabilities less specific purpose liabilities	<b>25,981</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>21,427</b>	<b>38.47x</b>	33.52x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>557</b>			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	<b>4,717</b>	<b>4.32%</b>	4.45%	< 5.00%
Rates and annual charges collectable	<b>109,168</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<b>164,546</b>	<b>15.60 months</b>	12.76 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>10,547</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

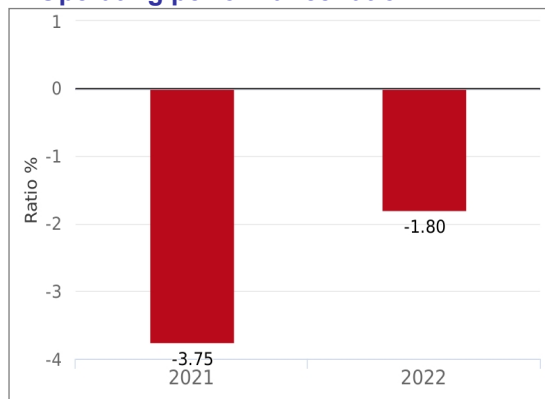
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

**End of the audited financial statements**

## 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 2021/22 result

2021/22 ratio (1.80)%

Council does not generate sufficient Operating Income (without Capital Grants) in relation to Operating Expenditure. This is an on-going issue that was highlighted in the Long Term Financial Plan. The ratio in 2021/22 has improved from last year but is still outside the benchmark. Council was successful in its application to IPART for a special rate variation. These funds will improve the operating performance of Council in future years.

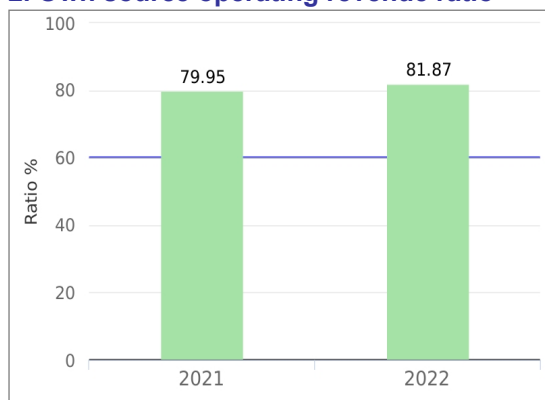
Benchmark: — > 0.00%

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 2021/22 result

2021/22 ratio 81.87%

Council's rate continues to stay well above the benchmark. This shows that Council income sources are appropriately split between operations and grants.

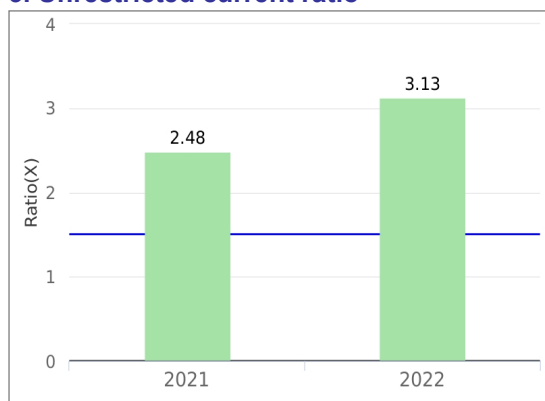
Benchmark: — > 60.00%

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 2021/22 result

2021/22 ratio 3.13x

The current ratio has increased from prior year and is significantly above the benchmark. This demonstrates appropriate levels of accessible funds to service current debts.

Benchmark: — > 1.50x

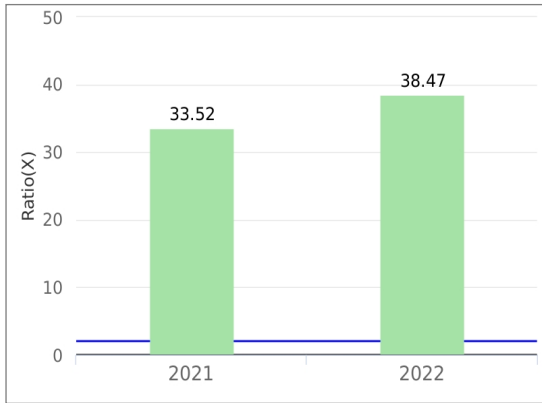
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2021/22 result**

2021/22 ratio 38.47x

The current ratio has increased from prior year. Council continues to be in a healthy position with minimal debt to service, which decreases the pressure on operating cash.

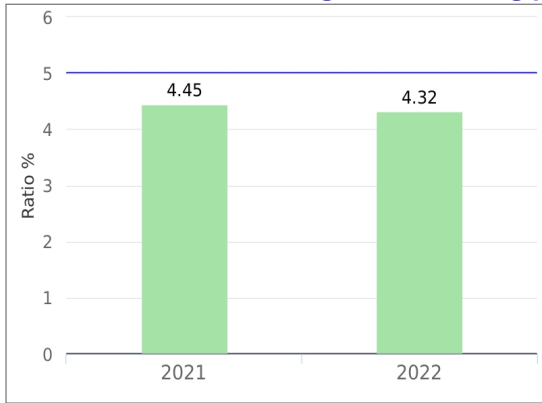
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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 2021/22 result**

2021/22 ratio 4.32%

The percentage of rates debtors has reduced from prior year. This ongoing low ratio reflects Council's ongoing efforts to collect rates and charges due.

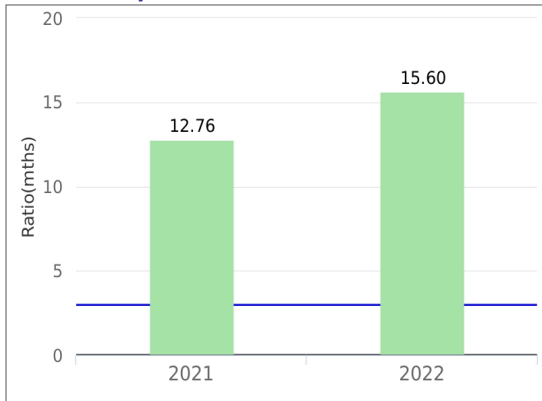
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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 2021/22 result**

2021/22 ratio 15.60 months

Council has high liquidity. The cash coverage ratio of 15+ months is a strong position for Council to fund operations.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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

**Acting General Manager**

David Tuxford

**Acting Director Business and Corporate Service**

Danielle Parker

**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**

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

### 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 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 2022, the Statement of Financial Position as at 30 June 2022, 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 2022, 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 2022 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

22 December 2022  
SYDNEY



Mr David Tuxford  
Acting General Manager  
Georges River Council  
Cnr MacMahon and Dora Streets  
HURSTVILLE NSW 2020

Contact: Lisa Berwick  
Phone no: 02 9275 7165  
Our ref: D2224927/FA1728

22 December 2022

Dear Mr Tuxford

**Report on the Conduct of the Audit  
for the year ended 30 June 2022  
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 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## INCOME STATEMENT

### Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	104.0	101.4	2.6
Grants and contributions revenue	29.1	32.5	10.5
Operating result from continuing operations	26.1	2.1	1,142.9
Net operating result before capital grants and contributions	11.2	-18.5	160.5

Rates and annual charges revenue (\$104.0 million) increased by \$2.6 million (2.6 per cent) in 2021–22 due to an increase in:

- ordinary rates revenue by \$2.5 million, offset by decrease in special rates of \$0.7 million. Ordinary rates increase was a result of the special rate variation of 5.8 per cent in 2021-22 and increase in rateable properties by 1.6 per cent (58,317 rateable properties in 2021-22 compared to 57,410 properties in 2020-21).
- annual charges by \$0.8 million

Grants and contributions revenue (\$29.1 million) decreased by \$3.4 million (-10.5 per cent) in 2021–22 due to a decrease of:

- \$0.1 million in total grants and non-developer contributions
- \$3.3 million in developer contributions for planning agreements, amenities/services and other developer contributions.

The Council's operating result from continuing operations (\$26.1 million including depreciation and amortisation expense of \$24.0 million) was \$24.0 million higher than the 2020–21 result.

The increase in total income of \$9.8 million from continuing operations arose due to:

- \$2.6 million increase in rates and annual charges offset by a \$3.4 million decrease in grants and contributions revenue noted above
- \$1.1 million decrease in user charges and fees
- \$0.3 million increase in other revenue
- \$0.2 million decrease in interest and investment income
- \$7.3 million increase in other income
- \$4.5 million increase in net gains from disposal of assets.

The decrease in total expenses of \$14.1 million was mainly due to:

- \$0.2 million increase in employee benefits and on-costs
- \$1.6 million increase in materials and services
- \$17.2 million decrease in depreciation, amortisation and impairment of non-financial assets
- \$1.3 million increase in other expenses

The net operating result before capital grants and contributions (\$11.2 million) was \$29.7 million higher than the 2020–21 result.

## STATEMENT OF CASH FLOWS

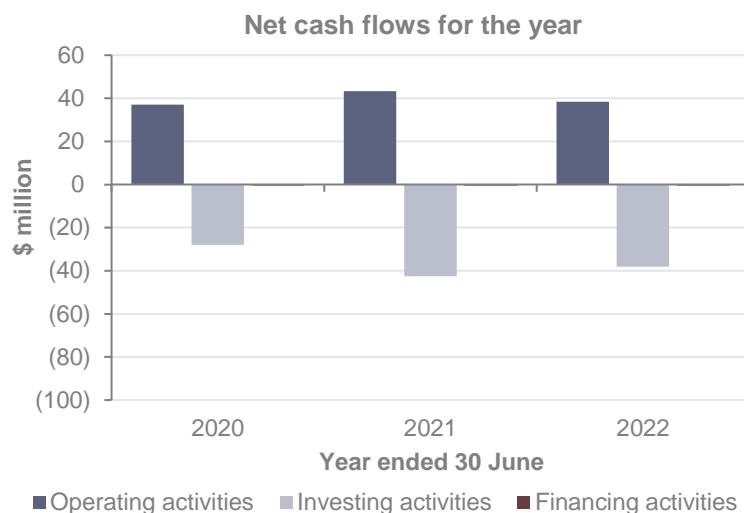
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

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

Cash inflows from operating activities decreased by \$4.6 million from \$43.3 million in 2020-21 to \$38.7 million in 2021-22. This is due to decrease in cash inflow from user charges and fees of \$2.3 million, an increase in cash outflow from payments to employees by \$5.2 million netted off by increase in inflow from rates and annual charges of \$3.2 million.

The cash outflows from investing activities decreased by \$4.3 million, from \$42.6 million in 2020-21 to \$38.3 million in 2021-22. This was due to cash inflow from sale of investments by \$8.1 million, increase in cash outflow from purchase of investments and term deposits of \$21.5 million, increase in proceeds from sale of IPPE of \$1.7 million and decrease in cash outflow from payments for IPPE by \$15.6 million.

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



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>187.8</b>	<b>160.3</b>	<ul style="list-style-type: none"> <li>External restrictions include unspent specific purpose grants, developer contributions, domestic waste management charges and levies. The externally restricted cash balance has increased by approximately \$12.3 million, mainly due to the higher developer contribution received and unspent specific purpose grants.</li> </ul>
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	116.0	103.7	<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 \$12.4 million.</li> </ul>
• Internal allocations	61.8	49.4	
• Unrestricted	10.0	7.2	

- Unrestricted balances provide liquidity for day-to-day operations. There has been an increase of \$2.8 million in the unrestricted cash balance.

## PERFORMANCE

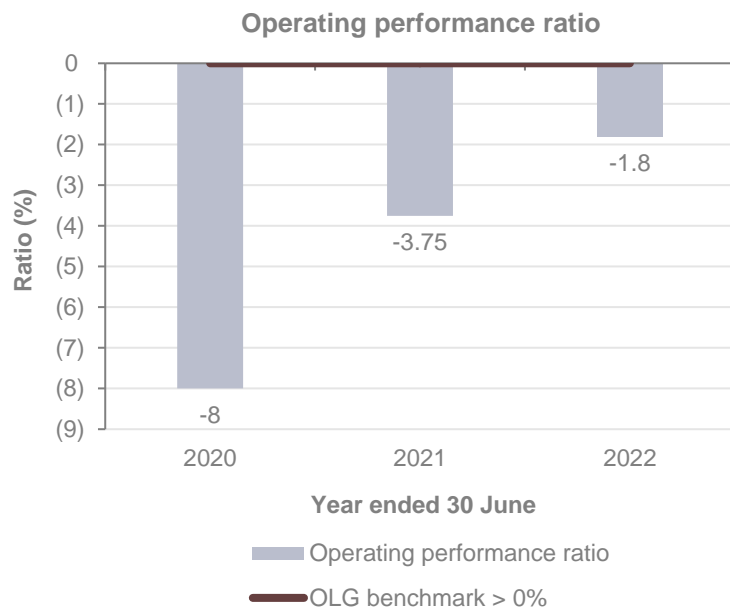
### Performance measures

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 and Environment.

#### Operating performance ratio

The Council did not meet the OLG benchmark for the current reporting period.

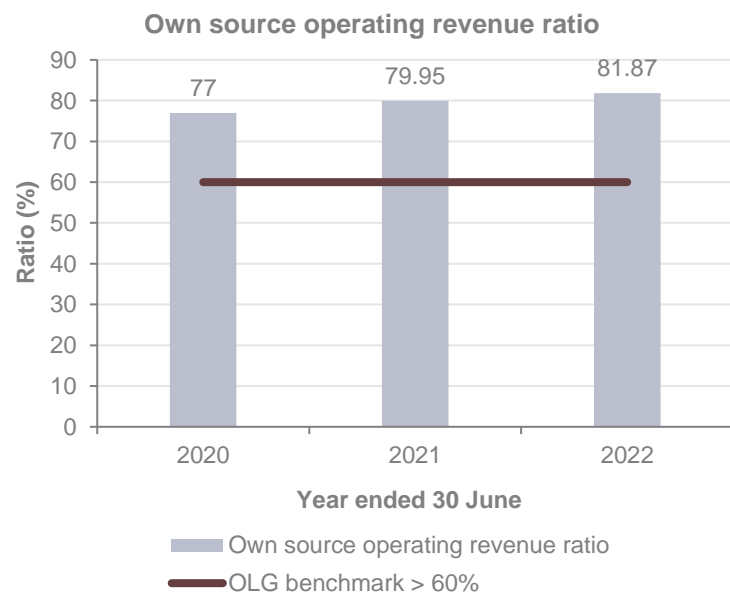
The ‘operating performance ratio’ measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



#### Own source operating revenue ratio

The Council exceeded the OLG benchmark for the current reporting period.

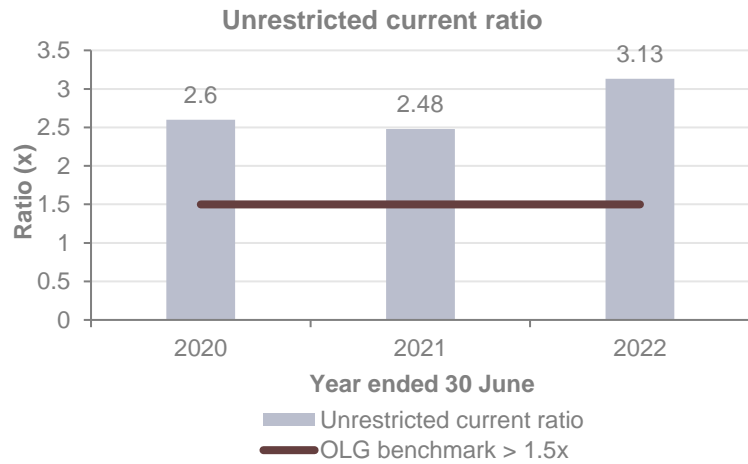
The ‘own source operating revenue ratio’ measures council’s fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council exceeded the OLG benchmark for the current reporting period.

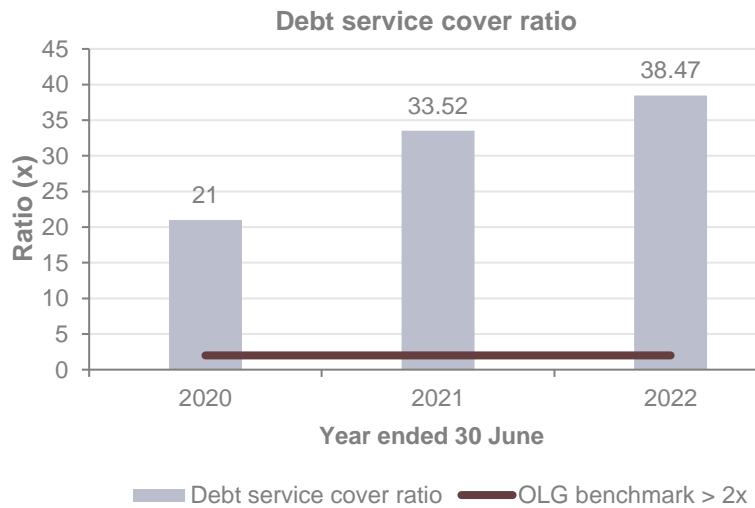
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

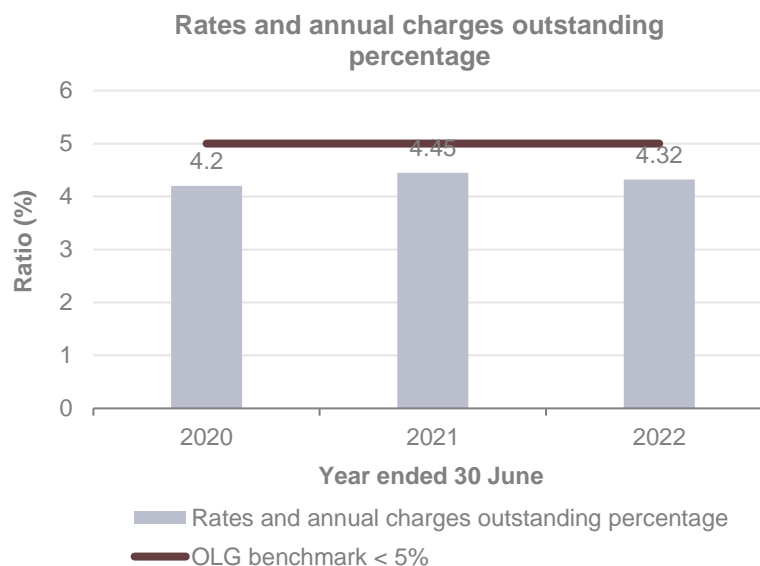
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

The Council exceeded the OLG benchmark for the current reporting period.

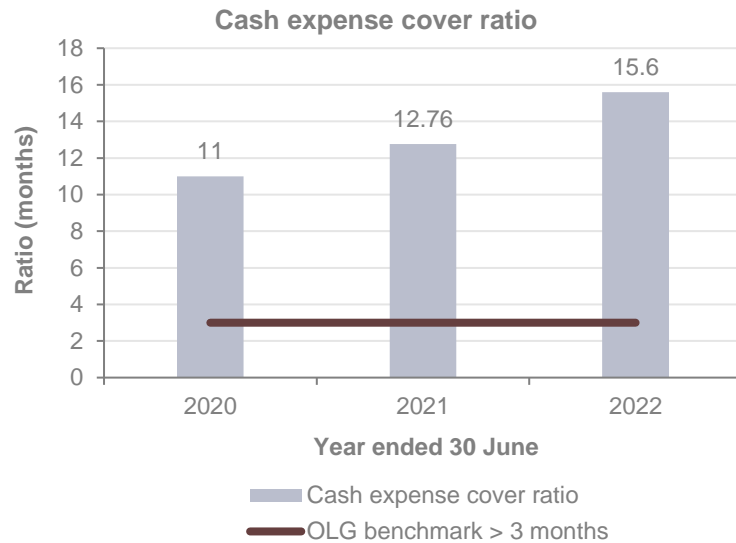
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



### Cash expense cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

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.



### Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment renewals for 2021-22 amounted to \$8.0 million compared to \$16.7 million in 2020-21. The decrease of \$8.7 million is due to the decrease in capital work in progress of \$6.1 million, buildings – non-specialised of \$988k and roads of \$1.4 million for the 2021-22 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 Branch

Delegate of the Auditor-General for New South Wales

cc: Mr Nick Katris, Mayor  
Mr Stephen Horne, Chair of the Audit, Risk and Improvement Committee

# Georges River Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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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 2022

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## Georges River Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	72,750	74,495
Plus or minus adjustments <sup>2</sup>	b	269	730
<b>Notional general income</b>	c = a + b	<b>73,019</b>	<b>75,225</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	5.80%	0.00%
Or rate peg percentage	e	0.00%	5.80%
Less expiring special variation amount	g	(2,301)	–
Plus special variation amount	h = d x (c + g)	4,102	–
Or plus rate peg amount	i = e x (c + g)	–	4,363
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>74,820</b>	<b>79,588</b>
Plus (or minus) last year's carry forward total	l	(310)	13
Less valuation objections claimed in the previous year	m	(1)	–
<b>Sub-total</b>	n = (l + m)	<b>(311)</b>	<b>13</b>
<b>Total permissible income</b>	o = k + n	<b>74,509</b>	<b>79,601</b>
Less notional general income yield	p	74,495	79,740
<b>Catch-up or (excess) result</b>	q = o – p	<b>14</b>	<b>(139)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	–	142
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>14</b>	<b>3</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 (NSW)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (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 Act. 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.



## 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 2023.

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 2021–22 (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 2022 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 2022'.

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 small horizontal line underneath the name.

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

22 December 2022  
SYDNEY

## Georges River Council

## Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance <sup>a</sup>	2021/22 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	2,642	9,289	5,696	3,902	218,366	300,695	17.3%	53.2%	20.1%	8.4%	1.0%	
	<b>Sub-total</b>	<b>2,642</b>	<b>9,289</b>	<b>5,696</b>	<b>3,902</b>	<b>218,366</b>	<b>300,695</b>	<b>17.3%</b>	<b>53.2%</b>	<b>20.1%</b>	<b>8.4%</b>	<b>1.0%</b>	
<b>Roads</b>	Sealed roads incl K&G	6,781	11,966	5,958	3,977	564,895	701,078	37.9%	50.1%	10.5%	1.3%	0.2%	
	Footpaths	102	3,179	1,912	2,775	56,252	110,615	11.0%	23.8%	61.0%	4.1%	0.1%	
	<b>Sub-total</b>	<b>6,883</b>	<b>15,145</b>	<b>7,870</b>	<b>6,752</b>	<b>621,147</b>	<b>811,693</b>	<b>34.2%</b>	<b>46.5%</b>	<b>17.4%</b>	<b>1.7%</b>	<b>0.2%</b>	
<b>Stormwater drainage</b>	Stormwater drainage	287	21,660	1,571	1,967	84,392	162,155	5.4%	93.8%	0.7%	0.1%	0.0%	
	<b>Sub-total</b>	<b>287</b>	<b>21,660</b>	<b>1,571</b>	<b>1,967</b>	<b>84,392</b>	<b>162,155</b>	<b>5.4%</b>	<b>93.8%</b>	<b>0.7%</b>	<b>0.1%</b>	<b>0.0%</b>	
<b>Open space / recreational assets / other structures</b>	Other	4,885	13,126	10,436	8,568	82,769	125,760	32.9%	30.3%	17.3%	18.4%	1.1%	
	<b>Sub-total</b>	<b>4,885</b>	<b>13,126</b>	<b>10,436</b>	<b>8,568</b>	<b>82,769</b>	<b>125,760</b>	<b>32.9%</b>	<b>30.3%</b>	<b>17.3%</b>	<b>18.4%</b>	<b>1.1%</b>	
<b>Total – all assets</b>		<b>14,697</b>	<b>59,220</b>	<b>25,573</b>	<b>21,189</b>	<b>1,006,674</b>	<b>1,400,303</b>	<b>27.1%</b>	<b>52.0%</b>	<b>16.0%</b>	<b>4.4%</b>	<b>0.4%</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 2022

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

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
<b>Buildings and infrastructure renewals ratio</b>				
Asset renewals <sup>1</sup>	<u>8,048</u>	<b>39.15%</b>	54.83%	>= 100.00%
Depreciation, amortisation and impairment	<u>20,558</u>			
<b>Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<u>14,697</u>	<b>1.44%</b>	1.63%	< 2.00%
Net carrying amount of infrastructure assets	<u>1,023,478</u>			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	<u>21,189</u>	<b>82.86%</b>	100.19%	> 100.00%
Required asset maintenance	<u>25,573</u>			
<b>Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<u>59,220</u>	<b>4.23%</b>	4.54%	
Gross replacement cost	<u>1,400,303</u>			

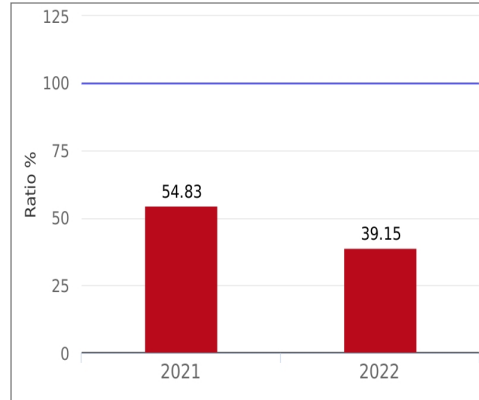
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2022

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**Commentary on result**

21/22 ratio 39.15%

Assets renewal projects are in progress at the end of FY22. Council has commenced comprehensive condition assessment of our major asset classes to inform future renewal priorities and optimum financial allocation.

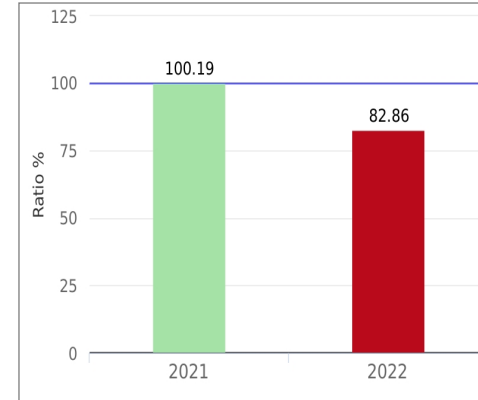
Benchmark: —  $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

**Commentary on result**

21/22 ratio 82.86%

This year, our LGA and the greater Sydney have experienced unprecedented rain events that hindered our ability to maintain our assets consistently. The cost of materials and labor also contributed to the reduced ratio. Council will continue to invest in better asset renewal strategies to reduce overall risk exposures and to better operate our assets more sustainably.

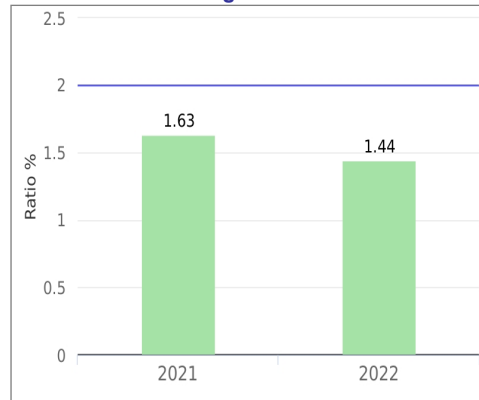
Benchmark: —  $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**Commentary on result**

21/22 ratio 1.44%

Council continues to maintain our assets at high standards to stay below the benchmark level. The latest asset condition reports resulted in low estimated cost to bring the assets to a satisfactory level.

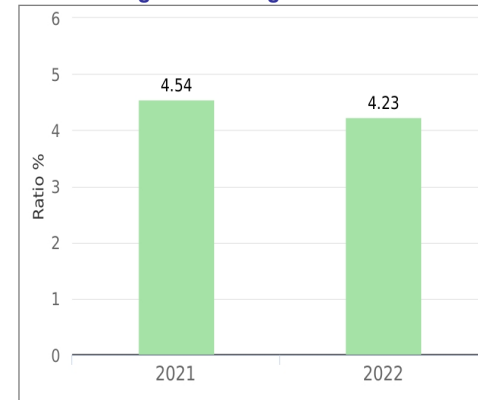
Benchmark: —  $< 2.00\%$

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



**Cost to bring assets to agreed service level**

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

**Commentary on result**

21/22 ratio 4.23%

FY22 asset condition reports indicated a lower estimated cost to bring the assets to agreed service level than previous year. Council's asset management team will continue exploring market trend, technology, and industry best practice to better manage existing assets and promote improved future projects.