



**I hereby give notice that an Ordinary Meeting of Council will be held on:**

**Date: Tuesday, 06 December 2022**

**Time: 12:00 PM**

**Location: Council Chambers, Wanderer Street Deniliquin**

## **AGENDA**

### **Extraordinary Council Meeting**

**Tuesday, 06 December 2022**

**Philip Stone**  
**Chief Executive Officer**

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**1. OPENING MEETING****2. LIVE STREAMING STATEMENT**

Edward River Council wishes to advise members of the public that Council Meetings will be recorded and will be available after each meeting on Council's website [Councils Website](#). All care will be taken to maintain the privacy of those in attendance, however As a visitor in the public gallery, your presence may be recorded. By remaining In the public gallery, it is assumed your consent is given in the event your image is broadcast. This includes any filming by television cameras if attendance is approved by the General Manager or Mayor.

**3. ACKNOWLEDGEMENT OF COUNTRY**

I would like to acknowledge that we are here today on the land of the Wamba Wamba Perrepa Perrepa people. I would also like to acknowledge and pay my respects to past Aboriginal Elders, the present Aboriginal and Torres Strait Islander people who reside within this area, and their future generations.

**4. STATEMENT OF PURPOSE**

I have come here as a Councillor freely and without bias to:

- Represent the views of the community in considering the matters before us today
- To vote in a matter I consider to be in the best interest of the community
- To observe the Code of Conduct and respect the rule of the chair and views of my fellow Councillors.

**5. APOLOGIES AND APPLICATIONS FOR A LEAVE OF ABSENCE BY COUNCILLORS****6. CONFIRMATION OF MINUTES****7. DISCLOSURES OF INTERESTS****8. MAYORAL MINUTE(S)****9. REPORTS OF COMMITTEES**

**10. REPORTS TO COUNCIL**

**10.1. ARIC CHAIR PRESENTATION**

Author: Senior Governance Officer

Authoriser: Acting Chief Financial Officer

**RECOMMENDATION**

The ARIC Chair, Peter Rae will provide Councillors with an update on the financial statements.



## **10.2. FINANCIAL STATEMENTS 2021-22**

Author: Acting Chief Financial Officer

Authoriser: Chief Executive officer

### **RECOMMENDATION**

That Council

1. Adopt the Draft Financial Statements 2021-22 incorporating the General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules.
2. Approve the signing of the 'Statement by Councillors and Management' in accordance with Section 413(2)(c) of the Local Government Act 1993 and Clause 215 of the Local Government (General) Regulation 2005 in relation to the Financial Statements 2021-22.
3. Delegate to the General Manager the authority to submit the Financial Statements to the Office of Local Government and Australian Bureau of Statistics.
4. Exhibit the Financial Statements and Auditor's Reports and call for public submissions on those documents with submissions closing on 13 December 2022 in accordance with Section 420 of the Local Government Act 1993.

Note that the Audited Financial Statements and Auditor's Reports are being presented at the Extraordinary Meeting of Council scheduled for 6 December 2022 in accordance with Section 418(1) of the Local Government Act 1993

### **BACKGROUND**

The Draft Financial Statements 2021-22 have been prepared and been subjected to external audit. This report recommends to Council the adoption of the Draft Financial Statements 2021-22 and the completion of statutory steps outlined in Section 418 to 420 of the Local Government Act 1993.

Prior to finalising the audit, the draft Financial Statements 2021-22 were presented to the Audit Risk and Improvement Committee (ARIC) Meeting held on 6 October 2022. ARIC has endorsed the Draft Financial Statements 2021-22.

The external auditor, Brad Bohun from their representative firm Crowe Australasia, an affiliate of Findex (Aust) Pty Ltd, will be present to provide an overview of the audit status and draft Financial Statements, and to answer questions from the Council.

The Financial Statements and Auditor's Reports are a statutory requirement and provide information on the financial performance of Council over the previous financial year period.

The Draft Financial Statements 2021-22 provided in the attachments are broken down into three sections being:

- General Purpose Financial Statements – Attachment 1
- Special Purpose Financial Statements – Attachment 2
- Special Schedules – Attachment 3

All matters identified during audit have been adjusted and included (if required) in the Financial Statements 2021-2022 contained at Attachment 1, 2 and 3.

The Auditor's draft Conduct of Audit report is contained at Attachment 4.

This draft report states the financial statements have been audited with an opinion. For the year ended 30 June 2022 the opinion is modified. This is the result of Council not including RFS fleet

assets in its accounts. In addition, this report outlines audit issues and observations, and analysis of the major aspects of the financial statements.

## ISSUE/DISCUSSION

### Key Highlights

#### Operating Result with Capital Grants

The 2022 financial year saw further improvements in the overall operating result from the previous years. Council recorded a **\$17.5m** surplus inclusive of capital grants compared to a \$4.9m surplus in 2021 and a deficit of \$11m in 2020. This upward trend is largely a reflection of movements in the fair value of Infrastructure, Property, Plant and Equipment (IPPE) which have been taken up in the income statement after asset revaluations. The Revaluation of IPPE has resulted in the following movements in income from continuing operations:

#### Year IPPE Revaluation Result

2020 \$11.1m decrement (loss)

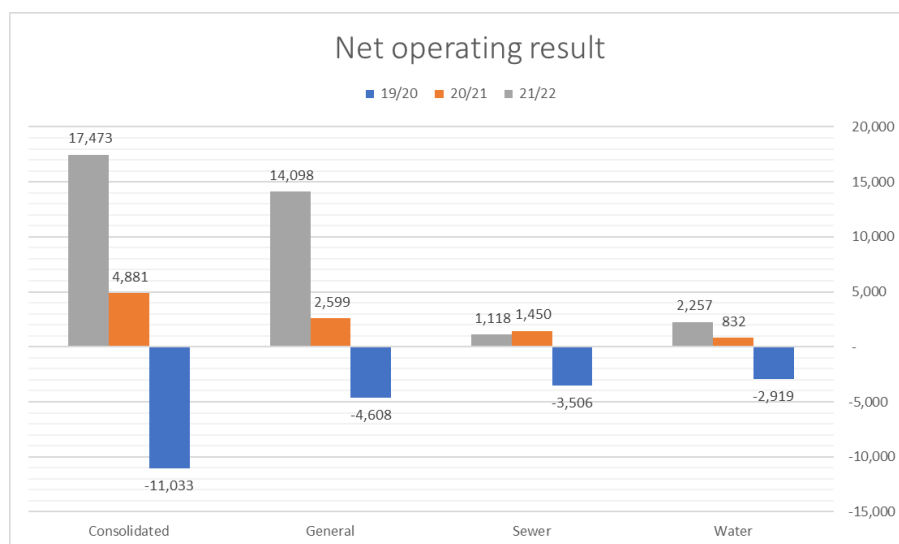
2021 \$0.6m increment (gain)

2022 \$5.1m increment (gain)

In addition, there was a significant increase in Grants received with Capital grants up \$5.5m and Operating grants increasing by \$1.3m from 2021 to 2022. Whilst the increase in capital grants was a result of increased funding for capital projects, the increase in operating grants was a result of the federal government increasing the prepayment portion of the Financial Assistance Grants (FAGs) from 50% to 75% during the year.

Operating expenditure generally had marginal increases from 2021, in line with expected increases. The lone exception was the other expenses category, with a reduction of \$0.7m which can be attributed to Management's efforts to maintain fiscal discipline and contain costs.

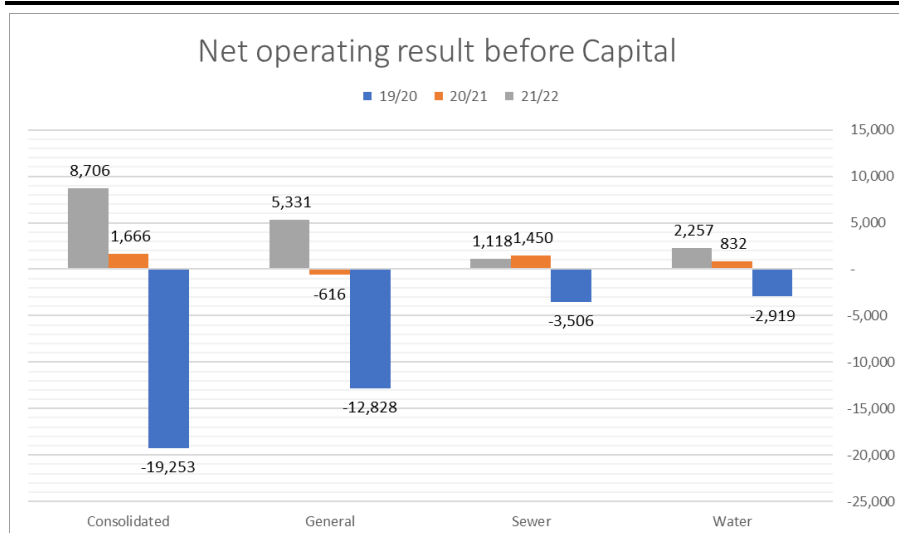
The graph below shows overall Net operating results for Council as a whole and by Fund.



#### Operating Result before capital grants

When adjusted to exclude the effect of capital grants and contributions, the result for Council was a surplus of \$8.7m in 2022 compared to a surplus of \$1.7m in 2021 and a deficit of \$19.3m in 2020.

The graph below shows overall Net operating results before capital grants and contributions for Council as a whole and by Fund.



### Performance Against Budget

Council's operating result before capital grants for 2022 strongly outperformed the budgeted surplus of \$5k. Income from operating activities was the main contributor to this strong result with almost all income categories having favourable variances 35% or more from budget. Most expenditure categories were within 10% of the budgeted figures apart from Materials and services which had an unfavourable variance of 18%. This was mainly because of increased Road Maintenance Council Contracts (RMCC) costs, which are offset by RMCC income in the income statement. The details of material budget variations are contained in Note B5-1 in the GPFS.

### Balance Sheet and Liquidity Position

Council continues to show a strong Balance Sheet, with net assets increasing by \$25.0m from \$495.2m in 2021 to **\$520.2m** in 2022. This increase is mainly due to asset acquisitions and revaluation of IPPE. The largest class of assets on Council's Balance Sheet as at 30 June 2022 was Roads, which constituted 39% of total assets.

Council also maintained a strong liquidity position during the year. As at 30 June 2022 Council held **\$50.1m** in cash and investments representing an increase of \$0.5m over the previous year (\$49.6m). Of this amount, **\$22.9m** was unrestricted, \$19.3m had external restrictions and \$7.9m had internal allocations. Council can be confident that it can meet its payment obligations as and when they fall due.

### Performance ratios

Performance ratios are disclosed at Note G6 and H1 in the GPFS. These ratios have been derived following the financial assessments undertaken by NSW Treasury Corporation on all NSW Councils 2012 and can be used to track Council's performance against the industry benchmarks set. Council improved in all but one of the disclosed ratios for 2022.

Council's Operating performance ratio (10.97%), Unrestricted current ratio (5.53x), rates and annual charges outstanding percentage (6.20%) and cash expense cover ratio (29.95 months) all improved over prior years as well as against industry benchmarks. The exception was the Own source operating revenue ratio which measures Council's fiscal flexibility and reliance on external funding. The decline from 58.50% in 2021 to 49.57% in 2022 reflects the increase in capital and operating grants received for the year. Please refer to Note H1 of the GPFS for more details on the performance ratios.

### Bob White bequest to the Conargo Hall Sec 355 Committee

The Conargo Hall Committee received a bequest from the Estate of the late Bob White amounting to \$2.78m. The impact on the financial statements is to increase Council's cash and cash equivalents balance. In addition, it has been treated as a prior year error for both the 2020 and 2021 financial years, and the comparatives restated for these years.

**STRATEGIC IMPLICATIONS**

Nil

**COMMUNITY STRATEGIC PLAN**

5.Accountable leadership and responsive administration

5.2 Financially sustainable

**FINANCIAL IMPLICATIONS**

There are no direct financial implications associated with this report as the report does not involve any future expenditure of Council funds, but it is a report advising the financial outcomes of Council during the 2021-22 financial year.

**LEGISLATIVE IMPLICATIONS**

Section 413(2)(c) of the Local Government Act 1993 and Regulation 215 of the Local Government (General) Regulation 2005 requires Council to specifically form an opinion on the financial statements. Specifically, Council needs to sign off an opinion on the Financial Statements regarding their preparation and content as follows:

- the Financial Statements have been prepared in accordance with the:
- Local Government Act 1993 (as amended) and the Regulations made thereunder.
- Australian Accounting Standards and professional pronouncements.
- Local Government Code of Accounting Practice and Financial Reporting.

The content to the best of knowledge and belief:

- Present fairly the Council's operating result and financial position for the year.
- Accord with Council's accounting and other records.
- Management is not aware of any matter that would render the Financial Statements false or misleading in any way

Section 416(1) of the Local Government Act 1993 requires a Council's annual Financial Statements to be prepared and audited within four (4) months of the end of that financial year, that is on or before 31 October. On 16 September 2022, Council was successfully granted an extension with the Office of Local Government to complete the financial statements by 15 December 2022.

**ATTACHMENTS**

# Edward River Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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## Edward River Council

### General Purpose Financial Statements for the year ended 30 June 2022

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#### Overview

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

180 Cressy Street  
Deniliquin NSW 2710

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.edwardriver.nsw.gov.au](http://www.edwardriver.nsw.gov.au).

## Edward 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.

**Edward 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(2)(c) of the Local Government Act 1993 (NSW) (as amended)

**The attached General Purpose Financial Statements have been prepared in accordance with:**

- the *Local Government Act 1993* (NSW) (as amended) 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 06 December 2022.**

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Cr Peta Betts

**Mayor**

06 December 2022

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Cr Paul Fellows

**Deputy Mayor**

06 December 2022

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Philip Stone

**General Manager**

06 December 2022

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Alistair Cochrane

**Responsible Accounting Officer**

06 December 2022



Edward River Council | Income Statement | for the year ended 30 June 2022

## Edward River Council

## Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
<b>Income from continuing operations</b>				
13,610	Rates and annual charges	B2-1	13,716	13,232
3,658	User charges and fees	B2-2	4,934	4,415
353	Other revenues	B2-3	620	448
7,968	Grants and contributions provided for operating purposes	B2-4	11,202	9,905
5,941	Grants and contributions provided for capital purposes	B2-4	8,767	3,215
216	Interest and investment income	B2-5	356	396
200	Net gain from the disposal of assets	B4-1	191	449
—	Reversal of revaluation decrements/ impairment of infrastructure, property, plant and equipment previously expensed	B6-1	5,148	614
—	Net share of interests in joint ventures and associates using the equity method	D2a	—	50
31,946	<b>Total income from continuing operations</b>		<b>44,934</b>	<b>32,724</b>
<b>Expenses from continuing operations</b>				
9,673	Employee benefits and on-costs	B3-1	9,551	9,356
6,109	Materials and services	B3-2	7,235	7,214
105	Borrowing costs		—	—
9,281	Depreciation, amortisation and impairment of non-financial assets	B3-3	9,886	9,793
833	Other expenses	B3-4	789	1,480
26,001	<b>Total expenses from continuing operations</b>		<b>27,461</b>	<b>27,843</b>
5,945	<b>Operating result from continuing operations</b>		<b>17,473</b>	<b>4,881</b>
5,945	<b>Net operating result for the year attributable to Council</b>		<b>17,473</b>	<b>4,881</b>
5	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>8,706</b>	<b>1,666</b>

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

Edward River Council | Statement of Comprehensive Income | for the year ended 30 June 2022

## Edward River Council

Statement of Comprehensive Income  
for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>Net operating result for the year – from Income Statement</b>		<b>17,473</b>	<b>4,881</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	10,462	2,534
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	–	(125)
Other comprehensive income – joint ventures and associates	D2	(385)	(11)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>10,077</b>	<b>2,398</b>
<b>Total other comprehensive income for the year</b>		<b>10,077</b>	<b>2,398</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>27,550</b>	<b>7,279</b>

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

Edward River Council | Statement of Financial Position | for the year ended 30 June 2022

## Edward River Council

Statement of Financial Position  
as at 30 June 2022

	Notes	2022 \$ '000	Restated 2021 \$ '000	Restated 1 July 2020 \$ '000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	7,617	6,836	15,685
Investments	C1-2	27,500	30,750	31,750
Receivables	C1-4	2,834	2,566	3,313
Other	C1-8	103	97	62
<b>Total current assets</b>		<b>38,054</b>	<b>40,249</b>	<b>50,810</b>
<b>Non-current assets</b>				
Investments	C1-2	15,000	12,000	—
Infrastructure, property, plant and equipment (IPPE)	C1-6	465,908	441,426	430,397
Intangible assets	C1-7	1,268	1,164	—
Investments accounted for using the equity method	D2-1	—	385	346
<b>Total non-current assets</b>		<b>482,176</b>	<b>454,975</b>	<b>430,743</b>
<b>Total assets</b>		<b>520,230</b>	<b>495,224</b>	<b>481,553</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C2-1	3,195	2,997	4,092
Contract liabilities	C2-2	4,464	5,724	956
Employee benefit provisions	C2-3	2,913	2,973	2,876
Provisions	C2-4	166	166	261
<b>Total current liabilities</b>		<b>10,738</b>	<b>11,860</b>	<b>8,185</b>
<b>Non-current liabilities</b>				
Payables	C2-1	55	50	50
Employee benefit provisions	C2-3	146	150	149
Provisions	C2-4	1,565	2,988	273
<b>Total non-current liabilities</b>		<b>1,766</b>	<b>3,188</b>	<b>472</b>
<b>Total liabilities</b>		<b>12,504</b>	<b>15,048</b>	<b>8,657</b>
<b>Net assets</b>		<b>507,726</b>	<b>480,176</b>	<b>472,896</b>
<b>EQUITY</b>				
Accumulated surplus	C3-1	451,078	433,990	429,119
IPPE revaluation reserve	C3-1	56,648	46,186	43,777
<b>Total equity</b>		<b>507,726</b>	<b>480,176</b>	<b>472,896</b>

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

## Edward River Council

Statement of Changes in Equity  
for the year ended 30 June 2022

	Notes	2022			2021		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		433,990	46,186	480,176	432,908	48,155	481,063
Correction of prior period errors	G4-1	—	—	—	(3,788)	(4,378)	(8,166)
<b>Restated opening balance</b>		<b>433,990</b>	<b>46,186</b>	<b>480,176</b>	<b>429,120</b>	<b>43,777</b>	<b>472,897</b>
Correction of prior period errors	G4-1	—	—	—	3	—	3
<b>Net operating result for the period</b>		<b>17,473</b>	<b>—</b>	<b>17,473</b>	<b>4,881</b>	<b>—</b>	<b>4,881</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	—	10,462	10,462	—	2,534	2,534
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	—	—	—	—	(125)	(125)
Joint ventures and associates		(385)	—	(385)	(11)	—	(11)
<b>Other comprehensive income</b>		<b>(385)</b>	<b>10,462</b>	<b>10,077</b>	<b>(11)</b>	<b>2,409</b>	<b>2,398</b>
<b>Total comprehensive income</b>		<b>17,088</b>	<b>10,462</b>	<b>27,550</b>	<b>4,870</b>	<b>2,409</b>	<b>7,279</b>
<b>Closing balance at 30 June</b>		<b>451,078</b>	<b>56,648</b>	<b>507,726</b>	<b>433,990</b>	<b>46,186</b>	<b>480,176</b>

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

## Edward River Council

## Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
13,628	Rates and annual charges		13,894	13,754
3,658	User charges and fees		5,071	4,422
216	Interest received		331	512
14,030	Grants and contributions		18,709	18,100
3,607	Other		2,734	2,516
<b>Payments:</b>				
(9,673)	Payments to employees		(9,763)	(9,094)
(6,345)	Payments for materials and services		(7,764)	(7,959)
(105)	Borrowing costs		—	—
—	Bonds, deposits and retentions refunded		(65)	(163)
(3,588)	Other		(2,491)	(1,269)
15,428	<b>Net cash flows from operating activities</b>	G1-1	<b>20,656</b>	<b>20,819</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
200	Proceeds from sale of IPPE		201	718
—	Sale of interests in joint ventures and associates (CMCC)		—	84
<b>Payments:</b>				
—	Acquisition of term deposits		250	(11,000)
(28,954)	Payments for IPPE		(19,985)	(18,306)
—	Purchase of intangible assets		(341)	(1,165)
(28,754)	<b>Net cash flows from investing activities</b>		<b>(19,875)</b>	<b>(29,669)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
6,100	Proceeds from borrowings		—	—
<b>Payments:</b>				
(562)	Repayment of borrowings		—	—
5,538	<b>Net cash flows from financing activities</b>		<b>—</b>	<b>—</b>
(7,788)	<b>Net change in cash and cash equivalents</b>		<b>781</b>	<b>(8,850)</b>
12,500	Cash and cash equivalents at beginning of year		6,836	15,686
4,712	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>7,617</b>	<b>6,836</b>
26,206	plus: Investments on hand at end of year	C1-2	42,500	42,750
30,918	<b>Total cash, cash equivalents and investments</b>		<b>50,117</b>	<b>49,586</b>

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

## Edward River Council

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## Edward River Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 06 December 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.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, 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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes and are clearly marked:

- Income statement
- Statement of cash flows
- Note B5-1 – Material budget variations

#### **Historical cost convention**

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

#### **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.

#### **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 infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated tip remediation provisions – refer Note C2-4
- (iii) employee benefit provisions – refer Note C2-3

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

- (i) Impairment of receivables - refer Note C1-4

Council has made a significant judgement about the impairment of a number of its 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* and / or AASB 1058 *Income of Not-for-Profit Entities* - Refer to Notes B2-2 to B2-4

#### **(d) Monies and other assets received by Council**

##### **(i) 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.

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## A1-1 Basis of preparation (continued)

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

- General purpose operations
- Water services
- Sewerage services

Due to their immaterial nature, the following Section 355 committees have been excluded from these financial statements:

- Edward River Council Community Garden
- Edward River Concert Band
- Edward River Council Tidy Towns Committee
- Blighty Hall Committee
- Boorooban Hall Committee
- Mayrung Hall Committee
- Pretty Pine Hall Committee
- Wanganella Hall Committee
- Multi Arts Centre

### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

Trust monies and properties that are held by Council but not considered to be under the control of Council are excluded from these financial statements.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

### (e) 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.

### Volunteer services

Council does not have material dependence on volunteer services. Volunteers are utilised at the Visitors Information Centre. The estimated value of these services has been included in the financial statements based on average salary and on costs Council would be required to pay if services were not donated.

### (f) New accounting standards and interpretations issued not yet effective

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

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 reporting period.

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

**AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

**AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

continued on next page ...

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### A1-1 Basis of preparation (continued)

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

**Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.**

This standard has an effective date for the 30 June 2024 reporting period.

#### **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments**

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

**Council does not expect any material impact from the above amendments.**

This standard has an effective date for the 30 June 2023 reporting period.

### **New accounting standards adopted during the year**

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2022.

None of these standards had a significant impact on Council's reported financial position, performance and associated financial statements disclosures.

## 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.									
	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Functions or activities <sup>1, 2</sup>										
A community working together to achieve its potential	15,417	7,777	5,386	5,025	10,031	2,752	7,862	5,913	99,990	86,035
A great place to live	3,117	2,417	2,066	2,501	1,051	(84)	4,148	2,920	38,384	42,946
A prosperous and vibrant economy	539	449	817	1,171	(278)	(722)	1,339	466	15,180	20,118
A region with quality and sustainable infrastructure	23,926	20,309	15,930	16,387	7,996	3,922	6,484	3,688	296,016	295,949
A valued and enhanced natural environment	1,935	1,772	3,262	2,759	(1,327)	(987)	136	133	60,618	47,389
Other	—	—	—	—	—	—	—	—	10,042	2,787
Total functions and activities	44,934	32,724	27,461	27,843	17,473	4,881	19,969	13,120	520,230	495,224

(1) Income and expenditure allocated to each function/ activity using cost centres, with each cost centre being attached to one particular function/activity.

(2) Assets allocated to each activity on the basis of the activities expenditure as a proportion of total expenditure. The assumption is that a function's expenditure is a reflection of that activities utilisation of total assets.

## B1-2 Components of functions or activities

---

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

These Functions align with Council's Community Strategic Plan and are in line with Council's Integrated Planning and Reporting framework.

#### A community working together to achieve its potential

These are activities that relate to council's leadership, including governance, administration and general purpose operations. Council's objectives of this function are:

1. Our community is informed and engaged.
2. We collaborate and pursue partnerships that achieve great outcomes for our community.
3. Our local government is efficient, innovative and financially sustainable.

#### A great place to live

These activities relate to council's society and community, including health, public order and security, community services and education, as well as recreation and culture. Council's objectives for this function are:

1. Our community has access to essential services.
2. Our community is safe, happy and healthy, both physically and mentally.
3. Our community and public spaces are accessible and inclusive and reflect our history, heritage and culture.

#### A prosperous and vibrant economy

These activities relate to the economy in Council's area of operation and include agriculture, manufacturing, construction and economic affairs. Council's objectives for this function are:

1. Our economy is strong and diverse.
2. We develop our key assets to enhance agriculture, boost tourism and support existing business.
3. Our region provides strong education, employment and training opportunities.

#### A region with quality and sustainable infrastructure

These activities relate to infrastructure, including water and sewerage, roads, transport and communication. Council's objectives for this function are:

1. Our built environment is managed, maintained and improved.
2. Our road network is a source of pride.
3. Our water and sewer infrastructure is efficient and fit for purpose.

#### A valued and enhanced natural environment

These activities relate to the natural environment in which council operates, including solid waste management, drainage and storm water management. Council's objectives for this function are:

1. We are committed to resource recovery and waste management.
2. Our natural environment is protected and enhanced.
3. We plan for the future to accommodate and facilitate sustainable growth and development.

**B2 Sources of income****B2-1 Rates and annual charges**

	2022 \$ '000	2021 \$ '000
<b>Ordinary rates</b>		
Residential	3,791	3,621
Farmland	2,891	2,753
Business	1,076	1,040
Other	9	9
Less: pensioner rebates (mandatory)	(159)	(143)
<b>Rates levied to ratepayers</b>	<b>7,608</b>	<b>7,280</b>
Pensioner rate subsidies received	77	73
<b>Total ordinary rates</b>	<b>7,685</b>	<b>7,353</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	1,278	1,257
Stormwater management services	75	74
Water supply services	1,456	1,426
Sewerage services	3,112	3,051
Waste management services (non-domestic)	164	159
Less: pensioner rebates (mandatory)	(147)	(176)
<b>Annual charges levied</b>	<b>5,938</b>	<b>5,791</b>
Pensioner subsidies received:		
– Water	27	32
– Sewerage	34	30
– Domestic waste management	32	26
<b>Total annual charges</b>	<b>6,031</b>	<b>5,879</b>
<b>Total rates and annual charges</b>	<b>13,716</b>	<b>13,232</b>

Council has used 2020 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

	Timing	2022 \$ '000	2021 \$ '000
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	1,613	1,851
Sewerage services	2	239	285
Waste management services (non-domestic)	2	104	90
<b>Total specific user charges</b>		<b>1,956</b>	<b>2,226</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Building regulation	2	65	46
Inspection services	2	45	52
Private works – section 67	2	266	251
Regulatory/ statutory fees	2	8	9
Section 10.7 certificates (EP&A Act)	2	8	2
Section 603 certificates	2	40	44
Development fees	2	99	72
Impounding fees	2	3	2
Other – certificates and permits	2	19	18
<b>Total fees and charges – statutory/regulatory</b>		<b>553</b>	<b>496</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aerodrome	2	128	73
Caravan park	2	107	52
Cemeteries	2	103	104
Leaseback fees – Council vehicles	2	7	7
Library and art gallery	2	8	7
Park rents	2	4	6
RMS charges (state roads not controlled by Council)	2	1,715	1,121
Animal control	2	–	1
Medical centre	2	102	100
Murray Valley industrial park	2	25	20
Museum donations	2	1	8
Other lease rentals	2	63	57
Truckwash	2	123	119
Other	2	39	18
<b>Total fees and charges – other</b>		<b>2,425</b>	<b>1,693</b>
<b>Total other user charges and fees</b>		<b>2,978</b>	<b>2,189</b>
<b>Total user charges and fees</b>		<b>4,934</b>	<b>4,415</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		4,934	4,415
<b>Total user charges and fees</b>		<b>4,934</b>	<b>4,415</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.

**B2-2 User charges and fees (continued)**

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**

	Timing	2022 \$ '000	2021 \$ '000
Rental income – other council properties	2	53	26
Fines	2	15	21
Legal fees recovery – rates and charges (extra charges)	2	77	33
Commissions and agency fees	2	1	3
Diesel rebate	2	103	104
Insurance claims recoveries	2	–	5
Recycling income (non-domestic)	2	41	11
Sales – general	2	43	83
Insurance rebates	2	7	49
Royalties	2	4	5
Other	2	218	76
Workers compensation reimbursement	2	58	32
<b>Total other revenue</b>		<b>620</b>	<b>448</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		53	26
Other revenue recognised at a point in time (2)		567	422
<b>Total other revenue</b>		<b>620</b>	<b>448</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.

Edward River Council | Notes to the Financial Statements 30 June 2022

## B2-4 Grants and contributions

		Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
	Timing				
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	2,235	2,027	–	–
Financial assistance – local roads component	2	837	768	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	3,431	2,168	–	–
Financial assistance – local roads component	2	1,291	824	–	–
<b>Amount recognised as income during current year</b>		<b>7,794</b>	<b>5,787</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Economic development	2	158	116	1,181	350
Environmental programs	2	13	21	41	50
Heritage and cultural	2	–	13	–	2
Library – per capita	2	57	64	–	–
Library – special projects	2	–	15	–	–
Noxious weeds	2	82	62	–	–
NSW rural fire services	2	195	348	102	–
Recreation and culture	2	50	671	3,706	1,705
Street lighting	2	40	84	–	–
Transport (roads to recovery)	2	1,309	1,099	–	–
Transport (other roads and bridges funding)	2	–	–	1,380	285
Transport for NSW contributions (regional roads, block grant)	2	1,397	1,397	2,357	823
Other contributions	2	38	54	–	–
Library services	2	–	48	–	–
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,339</b>	<b>3,992</b>	<b>8,767</b>	<b>3,215</b>
<b>Total grants and non-developer contributions</b>		<b>11,133</b>	<b>9,779</b>	<b>8,767</b>	<b>3,215</b>
<b>Comprising:</b>					
– Commonwealth funding		9,249	7,107	2,245	1,332
– State funding		1,571	772	6,498	1,060
– Other funding		313	1,900	24	823
		<b>11,133</b>	<b>9,779</b>	<b>8,767</b>	<b>3,215</b>

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## B2-4 Grants and contributions (continued)

## Developer contributions

	Notes	Timing	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
<b>Developer contributions:</b>						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
<b>Cash contributions</b>						
S 64 – water supply contributions		2	37	62	–	–
S 64 – sewerage service contributions		2	32	64	–	–
<b>Total developer contributions – cash</b>			<b>69</b>	<b>126</b>	<b>–</b>	<b>–</b>
<b>Total developer contributions</b>			<b>69</b>	<b>126</b>	<b>–</b>	<b>–</b>
<b>Total contributions</b>			<b>69</b>	<b>126</b>	<b>–</b>	<b>–</b>
<b>Total grants and contributions</b>			<b>11,202</b>	<b>9,905</b>	<b>8,767</b>	<b>3,215</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			11,202	9,905	8,767	3,215
<b>Total grants and contributions</b>			<b>11,202</b>	<b>9,905</b>	<b>8,767</b>	<b>3,215</b>

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**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:

	<b>Operating 2022 \$ '000</b>	<b>Operating 2021 \$ '000</b>	<b>Capital 2022 \$ '000</b>	<b>Capital 2021 \$ '000</b>
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	<b>1,792</b>	5,068	<b>5,321</b>	956
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	<b>377</b>	422	<b>1,110</b>	4,880
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	<b>(1,249)</b>	(3,698)	<b>(2,344)</b>	(515)
<b>Unspent funds at 30 June</b>	<b>920</b>	<b>1,792</b>	<b>4,087</b>	<b>5,321</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 but include Local Roads and Community Infrastructure rounds 1 and 2, Showground Stimulus Phase 2, Stronger Country Communities Round 4 and Building Better Regions Fund. 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**

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.

## B2-4 Grants and contributions (continued)

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### **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**

	2022 \$ '000	2021 \$ '000
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	55	33
– Cash and investments	294	363
– Other	7	–
Finance income on the net investment in the lease	–	–
<b>Total interest and investment income (losses)</b>	<b>356</b>	<b>396</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	51	33
General Council cash and investments	215	232
<b>Restricted investments/funds – external:</b>		
Water fund operations	42	59
Sewerage fund operations	31	47
Domestic waste management operations	4	10
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	13	15
<b>Total interest and investment income</b>	<b>356</b>	<b>396</b>

**Accounting policy**

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

**B3 Costs of providing services****B3-1 Employee benefits and on-costs**

	2022 \$ '000	2021 \$ '000
Salaries and wages	7,847	7,794
Employee termination costs	–	162
Travel expenses	4	1
Employee leave entitlements (ELE)	1,090	1,203
Superannuation	930	827
Workers' compensation insurance	331	289
Fringe benefit tax (FBT)	230	58
Payroll tax	1	2
Training costs (other than salaries and wages)	135	121
Protective clothing	22	19
Uniform clothing	12	15
Recruitment costs	7	44
OH&S expenses	18	6
Other	4	5
<b>Total employee costs</b>	<b>10,631</b>	<b>10,546</b>
Less: capitalised costs	(1,080)	(1,190)
<b>Total employee costs expensed</b>	<b>9,551</b>	<b>9,356</b>
Number of 'full-time equivalent' employees (FTE) at year end	104	106
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	116	111

**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 E3-1 for more information.

**B3-2 Materials and services**

	Notes	2022 \$ '000	2021 \$ '000
Raw materials and consumables		1,438	1,585
Contractor Costs		2,300	2,385
Consultancy Costs		389	451
Audit Fees	F2-1	86	91
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	194	158
Advertising		210	202
Bank and centrepay charges		49	40
Election expenses		129	–
Electricity and heating		494	510
Insurance		825	709
Office expenses		25	28
Postage		26	32
Printing and stationery		21	14
Street lighting		87	112
Subscriptions and publications		116	165
Telephone and communications		89	79
Valuation fees		41	41
Other expenses		26	49
Information technology		303	268
Licences, fees and permits		296	252
<b>Legal expenses:</b>			
– Legal expenses: debt recovery		79	37
– Legal expenses: other		12	6
<b>Total materials and services</b>		<b>7,235</b>	<b>7,214</b>
<b>Total materials and services</b>		<b>7,235</b>	<b>7,214</b>

**Accounting policy**

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

**B3-3 Depreciation, amortisation and impairment of non-financial assets**

	Notes	2022 \$ '000	2021 \$ '000
<b>Depreciation and amortisation</b>			
Plant and equipment		1,096	1,217
Office equipment		107	90
Furniture and fittings		10	16
Land improvements (depreciable)		114	107
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		260	264
– Buildings – specialised		803	801
– Other structures		108	108
– Roads		4,185	4,445
– Bridges		69	69
– Footpaths		322	397
– Other road assets		66	69
– Stormwater drainage		367	363
– Water supply network		787	773
– Sewerage network		724	649
– Swimming pools		91	86
– Other open space/recreational assets		369	277
<b>Other assets:</b>			
– Library books		6	61
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C1-6	165	–
Intangible assets	C1-7	237	1
<b>Total gross depreciation and amortisation costs</b>		<b>9,886</b>	<b>9,793</b>
<b>Total depreciation and amortisation costs</b>		<b>9,886</b>	<b>9,793</b>
<b>Impairment / revaluation decrement of IPPE</b>			
Operational land		–	125
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>–</b>	<b>125</b>
Amounts taken through revaluation reserve	C1-6	–	(125)
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>9,886</b>	<b>9,793</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. Useful lives are included in Note C1-6 for IPPE assets.

**Impairment of non-financial assets**

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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.

**B3-3 Depreciation, amortisation and impairment of non-financial assets (continued)**

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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.



Edward River Council | Notes to the Financial Statements 30 June 2022

**B3-4 Other expenses**

	Notes	2022 \$ '000	2021 \$ '000
<b>Impairment of receivables</b>			
Other		15	27
<b>Total impairment of receivables</b>	C1-4	<b>15</b>	<b>27</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		338	576
Donations, contributions and assistance to other organisations (Section 356)		187	329
– ERC merger ute muster contribution		–	548
Other - prior year imbalances cleared		246	–
Other - Rounding adjustment		3	–
<b>Total other</b>		<b>774</b>	<b>1,453</b>
<b>Total other expenses</b>		<b>789</b>	<b>1,480</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.

Edward River Council | Notes to the Financial Statements 30 June 2022

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

	Notes	2022 \$ '000	2021 \$ '000
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		201	254
Less: carrying amount of plant and equipment assets sold/written off		(10)	(83)
<b>Gain (or loss) on disposal</b>		<b>191</b>	<b>171</b>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-6		
Proceeds from disposal – infrastructure		–	464
Less: carrying amount of infrastructure assets sold/written off		–	(186)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>278</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>191</b>	<b>449</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 20/05/2021 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>	13,610	13,716	106	1% <b>F</b>
<b>User charges and fees</b>	3,658	4,934	1,276	35% <b>F</b>
This is related to a continued increase in the sale of properties and development in the Council area this year that has increased the revenue from regulatory fees and inspections. There has also been an increase in private works completed and there has also continued to be an increase in RMCC ordered works.				
<b>Other revenues</b>	353	620	267	76% <b>F</b>
Council have been able to source a larger number of training subsidies including Upskilling Work Apprenticeships and also funding received for Landfill rebates.				
<b>Operating grants and contributions</b>	7,968	11,202	3,234	41% <b>F</b>
The Financial Assistance Grant prepayment was amended to be a 75% prepayment in 2021/22 as opposed to prior years of 50%, Council were not notified until June 2022.				
<b>Capital grants and contributions</b>	5,941	8,767	2,826	48% <b>F</b>
Due to capital project delays caused by Covid-19 pandemic, the Council was able to this year recognise more income in accordance with AASB 15 and AASB 1058 as the projects were completed and specific obligations were met. Additional grants were also received through the year that were also recognised.				
<b>Interest and investment revenue</b>	216	356	140	65% <b>F</b>
Interest and investment income has increased due to the higher interest rate environment caused by RBA interest rate increase in late 2021/22.				
<b>Net gains from disposal of assets</b>	200	191	(9)	(5)% <b>U</b>
<b>Joint ventures and associates – net profits</b>	–	–	–	∞ <b>F</b>
<b>Reversal of revaluation decrements / impairment of IPP&amp;E previously expensed</b>	–	5,148	5,148	∞ <b>F</b>
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	9,673	9,551	122	1% <b>F</b>
<b>Materials and services</b>	6,109	7,235	(1,126)	(18)% <b>U</b>
Unexpected consultant costs for vacant employee positions, additional contractor costs for Waste to clean up the tip site for transfer stations, additional plant maintenance costs and increased RMCC costs that are offset by additional RMCC income have increased materials and contracts for 2021/22.				
<b>Borrowing costs</b>	105	–	105	100% <b>F</b>
There were no borrowings obtained in 2021/22.				

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Edward River Council | Notes to the Financial Statements 30 June 2022

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>9,281</b>	<b>9,886</b>	<b>(605)</b>	<b>(7)% U</b>
<b>Other expenses</b>	<b>833</b>	<b>789</b>	<b>44</b>	<b>5% F</b>
Emergency services levy was reduced due to a rebate offered by NSW government and there were only 7k bad debt write offs for 2021/22.				

**Statement of cash flows**

<b>Cash flows from operating activities</b>	<b>15,428</b>	<b>20,656</b>	<b>5,228</b>	<b>34% F</b>
Increase in operating and capital grants has led to additional cash flow in the 2021/22 year, specifically Fixing Local Roads rounds 1, 2 and 3.				
<b>Cash flows from investing activities</b>	<b>(28,754)</b>	<b>(19,875)</b>	<b>8,879</b>	<b>(31)% F</b>
An increase in spending through the year on grant funded and capital projects has reduced the cash required for investing.				
<b>Cash flows from financing activities</b>	<b>5,538</b>	<b>—</b>	<b>(5,538)</b>	<b>(100)% U</b>
No loans were obtained for the 2021/22 year				

## B6 Material Income Statement items

## B6-1 Material Income Statement items

## Material reversal of revaluation decrements on IPPE previously expensed

	2022 \$ '000	2021 \$ '000
<b>Infrastructure:</b>		
– Buildings – non-specialised	57	–
– Buildings – specialised	3,444	–
– Water supply network	1,316	318
– Sewerage network	331	296
<b>Reinstatement, rehabilitation and restoration assets:</b>		
<b>Total material reversal of revaluation decrements on IPPE previously expensed</b>	<b>5,148</b>	<b>614</b>

Edward River Council | Notes to the Financial Statements 30 June 2022

**C Financial position****C1 Assets we manage****C1-1 Cash and cash equivalents**

	2022 \$ '000	2021 \$ '000
<b>Cash assets</b>		
Cash on hand and at bank	7,615	6,834
Cash equivalent assets		
– Deposits at call	2	2
<b>Total cash and cash equivalents</b>	<b>7,617</b>	<b>6,836</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.

Edward River Council | Notes to the Financial Statements 30 June 2022

## C1-2 Financial investments

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Debt securities at amortised cost</b>				
Long term deposits	27,500	15,000	30,750	12,000
<b>Total financial investments</b>	<b>27,500</b>	<b>15,000</b>	<b>30,750</b>	<b>12,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>35,117</b>	<b>15,000</b>	<b>37,586</b>	<b>12,000</b>

**Accounting policy**

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

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

**Financial assets**

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

**Classification**

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

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

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 are 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 or fair value through other comprehensive income 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.

Edward River Council | Notes to the Financial Statements 30 June 2022

**C1-3 Restricted and allocated cash, cash equivalents and investments**

	2022 \$ '000	2021 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>50,117</b>	<b>49,586</b>
Less: Externally restricted cash, cash equivalents and investments	(19,312)	(21,830)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>30,805</b>	<b>27,756</b>
<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	4,553	5,724
Other - Unexpended merger funds	454	1,280
<b>External restrictions – included in liabilities</b>	<b>5,007</b>	<b>7,004</b>
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	39	39
Water fund	7,486	8,049
Sewer fund	5,361	5,077
Conargo milestones / interpretative	37	37
Conargo Oval M&R	20	20
Deniliquin band committee	20	20
Deniliquin community gardens	3	3
EPA waste	36	36
Library reserve	–	242
Regional arts	3	3
Domestic waste management	1,300	1,300
<b>External restrictions – other</b>	<b>14,305</b>	<b>14,826</b>
<b>Total external restrictions</b>	<b>19,312</b>	<b>21,830</b>

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.

	2022 \$ '000	2021 \$ '000
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>30,805</b>	<b>27,756</b>
Less: Internally restricted cash, cash equivalents and investments	(7,879)	(8,549)
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>22,926</b>	<b>19,207</b>

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

	2022	2021
	\$ '000	\$ '000

**Internal allocations**

At 30 June, Council has internally allocated funds to the following:

Plant and vehicle replacement	1,799	1,799
Infrastructure replacement	2,300	2,600
Employees leave entitlement	693	693
Deposits, retentions and bonds	323	323
Airport industrial land	20	20
Asset management	14	14
Airport runway development	187	187
Blighty-upgrade power	70	70
Building maintenance	50	50
Cemetery upgrade	9	9
Depot office and gates upgrade	41	41
Dog trail	3	3
Election reserve	12	12
Fencing Conargo	7	7
Gravel pits	14	14
Human resources	18	18
Internal audit	6	6
Land development fund	385	385
Landscaping plans	90	90
Recreation reserves / village landscaping	1,113	1,113
Risk management	44	44
Wanganella hall community	5	5
Shire – entrance signage	5	5
Tourism/industry promotion	13	13
Town planning plans, surveys and studies	103	103
Waste facilities	63	63
Water infrastructure	57	57
Website development	2	2
Seniors living precinct	–	217
Conargo and Pretty Pine rural landfills	–	23
Deniliquin town hall and civic precinct redevelopment	300	413
North Depot Redevelopment	133	150
<b>Total internal allocations</b>	<b>7,879</b>	<b>8,549</b>

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

	2022	2021
	\$ '000	\$ '000

**(c) Unrestricted and unallocated**

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>22,926</b>	<b>19,207</b>
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Edward River Council | Notes to the Financial Statements 30 June 2022

## C1-4 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Rates and annual charges	725	—	847	—
Interest and extra charges	198	—	184	—
User charges and fees	1,026	—	682	—
Accrued revenues				
– Interest on investments	147	—	136	—
– Other income accruals	760	—	454	—
Net GST receivable	283	—	316	—
Other debtors	1	—	246	—
<b>Total</b>	<b>3,140</b>	<b>—</b>	<b>2,865</b>	<b>—</b>
<b>Less: provision for impairment</b>				
Other debtors	(306)	—	(299)	—
<b>Total provision for impairment – receivables</b>	<b>(306)</b>	<b>—</b>	<b>(299)</b>	<b>—</b>
<b>Total net receivables</b>	<b>2,834</b>	<b>—</b>	<b>2,566</b>	<b>—</b>

	2022 \$ '000	2021 \$ '000
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	299	284
+ new provisions recognised during the year	14	27
- amounts already provided for written off this year	(7)	(12)
<b>Balance at the end of the year</b>	<b>306</b>	<b>299</b>

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## C1-4 Receivables (continued)

### Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after reporting date which are classified as non-current assets.

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.

Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

### 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 presentation 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, or when the receivable are over 5 years past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity.

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 Contract assets and Contract cost assets

### Contract cost assets

Council did not incur any material costs to fulfill a contract during the year, therefore had no contract cost assets as at 30 June 2022.

### Accounting policy

#### Contract assets

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts

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**C1-5 Contract assets and Contract cost assets (continued)**

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billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

**Contract cost asset – costs to fulfil a contract**

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

## 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 \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals <sup>1</sup> \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	Impairment reversal / prior period revaluation decrements reversal (via P&L) \$ '000	Adjustments and transfers \$ '000	Other movements -Revaluation increment due to decrease in provision for remediation \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	8,770	–	8,770	1,292	–	–	–	–	–	–	–	10,062	–	10,062
Plant and equipment	15,751	(9,806)	5,945	–	1,020	(8)	(1,096)	–	–	–	–	16,171	(10,310)	5,861
Office equipment	3,105	(2,795)	310	–	166	(2)	(107)	–	1	–	–	3,269	(2,901)	368
Furniture and fittings	287	(248)	39	–	–	–	(10)	–	(1)	–	–	287	(259)	28
<b>Land:</b>														
– Operational land	7,386	–	7,386	–	–	–	–	–	–	–	369	7,755	–	7,755
– Community land	1,626	–	1,626	–	–	–	–	–	–	–	81	1,707	–	1,707
– Crown land	4,642	–	4,642	–	–	–	–	–	–	–	232	4,874	–	4,874
Land improvements – depreciable	5,260	(1,492)	3,768	98	27	–	(114)	–	–	–	188	5,654	(1,687)	3,967
<b>Infrastructure:</b>														
– Buildings – non-specialised	14,735	(4,081)	10,654	334	748	–	(260)	57	(1)	–	1,091	16,964	(4,341)	12,623
– Buildings – specialised	55,689	(21,792)	33,897	555	789	–	(803)	3,444	1	–	–	60,478	(22,595)	37,883
– Other structures	19,723	(2,646)	17,077	–	–	–	(108)	–	–	–	932	20,808	(2,907)	17,901
– Roads	239,148	(62,114)	177,034	6,432	2,019	–	(4,185)	–	–	–	2,884	251,561	(67,377)	184,184
– Bridges	10,564	(3,474)	7,090	183	–	–	(69)	–	2	–	78	10,866	(3,582)	7,284
– Footpaths and kerb and gutter	26,303	(8,802)	17,501	2,102	191	–	(322)	–	–	–	271	28,996	(9,253)	19,743
– Other road assets (including bulk earthworks)	4,766	(913)	3,853	–	82	–	(66)	–	–	–	23	4,877	(985)	3,892
– Bulk earthworks (non-depreciable)	33,136	–	33,136	141	–	–	–	–	(1)	–	566	33,842	–	33,842
– Stormwater drainage	37,425	(12,164)	25,261	364	749	–	(367)	–	1	–	663	39,544	(12,873)	26,671
– Water supply network	61,597	(26,462)	35,135	428	330	–	(787)	1,316	412	–	696	64,787	(27,257)	37,530
– Sewerage network	59,354	(26,933)	32,421	540	169	–	(724)	331	(412)	–	–	59,783	(27,458)	32,325
– Swimming pools	5,316	(1,098)	4,218	118	54	–	(91)	–	1	–	235	5,790	(1,255)	4,535
– Other open space/recreational assets	11,049	(2,645)	8,404	326	655	–	(369)	–	1	–	730	13,015	(3,268)	9,747
<b>Other assets:</b>														
– Library books	1,251	(1,146)	105	3	36	–	(6)	–	(1)	–	–	1,289	(1,152)	137
<b>Reinstatement, rehabilitation and restoration assets</b>														
– Tip assets	3,584	(430)	3,154	–	–	–	(165)	–	–	(1,423)	1,423	3,584	(595)	2,989
<b>Total infrastructure, property, plant and equipment</b>	<b>630,467</b>	<b>(189,041)</b>	<b>441,426</b>	<b>12,916</b>	<b>7,035</b>	<b>(10)</b>	<b>(9,649)</b>	<b>5,148</b>	<b>3</b>	<b>(1,423)</b>	<b>10,462</b>	<b>665,963</b>	<b>(200,055)</b>	<b>465,908</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)

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period										At 30 June 2021		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals <sup>1</sup> \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	Impairment loss / revaluation decrements (recognised in P/L) \$ '000	Impairment reversal / prior period revaluation decrements reversal (via P&L) \$ '000	Impairment loss / revaluation decrements (recognised in equity) \$ '000	Adjustments and transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	
Capital work in progress	6,678	–	6,678	2,092	–	–	–	–	–	–	–	–	8,770	–	8,770	
Plant and equipment	14,986	(9,459)	5,527	9	1,709	(83)	(1,217)	–	–	–	–	–	15,751	(9,806)	5,945	
Office equipment	3,058	(2,705)	353	–	47	–	(90)	–	–	–	–	–	3,105	(2,795)	310	
Furniture and fittings	287	(233)	54	–	–	–	(16)	–	–	–	1	–	287	(248)	39	
Land:																
– Operational land	7,626	–	7,626	–	45	(160)	–	–	–	(125)	–	–	7,386	–	7,386	
– Community land	1,626	–	1,626	–	–	–	–	–	–	–	–	–	1,626	–	1,626	
– Crown land	4,642	–	4,642	–	–	–	–	–	–	–	–	–	4,642	–	4,642	
Land improvements – depreciable	4,774	(1,411)	3,363	15	126	(26)	(107)	–	–	–	94	303	5,260	(1,492)	3,768	
Infrastructure:																
– Buildings – non-specialised	14,735	(3,816)	10,919	–	–	–	(264)	–	–	–	(1)	–	14,735	(4,081)	10,654	
– Buildings – specialised	54,847	(20,991)	33,856	843	–	–	(801)	–	–	–	(1)	–	55,689	(21,792)	33,897	
– Other structures	19,683	(2,538)	17,145	40	–	–	(108)	–	–	–	–	–	19,723	(2,646)	17,077	
– Roads	236,187	(57,620)	178,567	2,908	54	–	(4,445)	49	–	(49)	(50)	–	239,148	(62,114)	177,034	
– Bridges	10,564	(3,405)	7,159	–	–	–	(69)	–	–	–	–	–	10,564	(3,474)	7,090	
– Footpaths	24,904	(8,303)	16,601	1,153	170	–	(397)	25	–	(25)	(26)	–	26,303	(8,802)	17,501	
– Other road assets (including bulk earthworks)	4,726	(845)	3,881	40	–	–	(69)	–	–	–	1	–	4,766	(913)	3,853	
– Bulk earthworks (non-depreciable)	33,092	–	33,092	38	–	–	–	–	–	–	1	5	33,136	–	33,136	
– Stormwater drainage	36,871	(11,801)	25,070	554	–	–	(363)	–	–	–	–	–	37,425	(12,164)	25,261	
– Water supply network	60,283	(25,716)	34,567	1,024	–	–	(773)	–	318	–	(1)	–	61,597	(26,462)	35,135	
– Sewerage network	56,529	(26,284)	30,245	2,039	491	–	(649)	–	296	–	(1)	–	59,354	(26,933)	32,421	
– Swimming pools	5,030	(889)	4,141	26	–	–	(86)	–	–	–	137	–	5,316	(1,098)	4,218	
– Other open space/recreational assets	8,072	(2,924)	5,148	992	1,005	–	(277)	–	–	–	(230)	1,766	11,049	(2,645)	8,404	
– Other infrastructure	–	–	–	–	–	–	–	(74)	–	74	74	(74)	–	–	–	
Other assets:																
– Library books	1,222	(1,085)	137	29	–	–	(61)	–	–	–	–	–	1,251	(1,146)	105	
Reinstatement, rehabilitation and restoration assets																
– Tip assets	430	(430)	–	2,620	–	–	–	–	–	–	–	534	3,584	(430)	3,154	
Total infrastructure, property, plant and equipment	610,852	(180,455)	430,397	14,422	3,647	(269)	(9,792)	–	614	(125)	(2)	2,534	630,467	(189,041)	441,426	

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

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

### Accounting policy

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed 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 asset 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.

Land is not depreciated. 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>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	30 to 60
Office furniture	10 to 20	Benches, seats etc.	20 to 60
Computer equipment	4		
Vehicles	5 to 10	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	60 to 125
Other plant and equipment	5 to 15	Buildings: other	40 to 100
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	50 to 150	Drains	100 to 175
Bores	50 to 75	Culverts	60 to 140
Reticulation pipes: PVC	40 to 150	Flood control structures	100 to 175
Reticulation pipes: other	80 to 120		
Pumps and telemetry	30 to 95		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20 to 70	Bulk earthworks	120 to 200
Sealed roads: structure	70 to 100	Swimming pools	40 to 81
Unsealed roads	15 to 80	Other open space/recreational assets	25 to 60
Bridge: concrete	100 to 175	Other infrastructure	25 to 75
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	35 to 140		

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

### 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.

### Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

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

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In accordance with Council's *Rural Fire District Service Agreement* with the Commissioner of the NSW Rural Fire Service, Council has transferred substantially all the rights and obligations in respect of the operation of fire-fighting equipment to the Commissioner for the foreseeable future.

That Agreement specifically transfers to the Commissioner responsibility for operation, maintenance and control of the fire-fighting equipment during the term of the Agreement and Council plays no role in determining how such assets are deployed and has no right of use of the assets.

While the Service Agreement remains in place, Council's position is that to recognise the fire-fighting equipment assets would not be in accordance with the Australian Accounting Standards, or the NSW Local Government Code of Accounting Practice, and Council will continue not to recognise such assets in its financial reports.

In addition to fire-fighting equipment, Council will also further consider the accounting treatment for recognition of Buildings and Land that is currently recognised by Council as assets, but which is similarly transferred to the Commissioner pursuant to the Service Agreement. This will be reviewed by Council for the next reporting period.



## C1-7 Intangible assets

Intangible assets are as follows:

	2022 \$ '000	2021 \$ '000
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	2,061	896
Accumulated amortisation	(897)	(896)
<b>Net book value – opening balance</b>	<b>1,164</b>	<b>–</b>
<b>Movements for the year</b>		
Development costs	343	1,165
Amortisation charges	(237)	(1)
<b>Closing values at 30 June</b>		
Gross book value	2,402	2,061
Accumulated amortisation	(1,134)	(897)
<b>Total software – net book value</b>	<b>1,268</b>	<b>1,164</b>
<b>Total intangible assets – net book value</b>	<b>1,268</b>	<b>1,164</b>

## Accounting policy

## IT development and software

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

## C1-8 Other

## Other assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Prepayments	103	–	97	–
<b>Total other assets</b>	<b>103</b>	<b>–</b>	<b>97</b>	<b>–</b>

## Externally restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Water</b>				
Prepayments	31	–	–	–
<b>Total water</b>	<b>31</b>	<b>–</b>	<b>–</b>	<b>–</b>

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## C1-8 Other (continued)

**Current other assets not anticipated to be settled within the next 12 months**

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Total externally restricted assets	31	–	–	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	72	–	97	–
<b>Total other assets</b>	<b>103</b>	<b>–</b>	<b>97</b>	<b>–</b>

Edward River Council | Notes to the Financial Statements 30 June 2022

**C2 Liabilities of Council****C2-1 Payables**

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Prepaid rates	548	—	492	—
Goods and services – operating expenditure	520	—	326	—
Goods and services – capital expenditure	888	—	919	—
Accrued expenses:				
– Salaries and wages	226	—	321	—
– Other expenditure accruals	581	—	407	—
Rural fire service liability	81	—	81	—
Security bonds, deposits and retentions	208	50	273	50
ATO – fringe benefits	25	—	44	—
Workers compensation	106	5	106	—
Other	12	—	28	—
<b>Total payables</b>	<b>3,195</b>	<b>55</b>	<b>2,997</b>	<b>50</b>

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## C2-1 Payables (continued)

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

	2022 \$ '000	2021 \$ '000
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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

	50	50
--	----	----

**Total payables**

	50	50
--	----	----

**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.

The financial liabilities of the Council comprise trade payables, accrued expenses and bonds for development applications.

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

## C2-2 Contract Liabilities

	Notes	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	4,464	–	5,724	–
<b>Total grants received in advance</b>		<b>4,464</b>	<b>–</b>	<b>5,724</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>4,464</b>	<b>–</b>	<b>5,724</b>	<b>–</b>

**Notes**

(i) Council has received funding to construct assets including roads 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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	4,463	–	5,724	–
<b>Total contract liabilities relating to restricted assets</b>	<b>4,463</b>	<b>–</b>	<b>5,724</b>	<b>–</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>4,464</b>	<b>–</b>	<b>5,724</b>	<b>–</b>

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## C2-2 Contract Liabilities (continued)

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

	2022 \$ '000	2021 \$ '000
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	5,321	956
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>5,321</b>	<b>956</b>

**Significant changes in contract liabilities**

We received a significant amount of grants paid in advance in 2021/22 and due to many factors including delays due to Covid-19 we were unable to meet all the performance obligations of the contracts.

**Accounting policy**

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of 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.

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## C2-3 Employee benefit provisions

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Annual leave	795	–	788	–
Sick leave	187	–	194	–
Long service leave	1,712	141	1,769	145
Rostered Day Off leave	68	–	78	–
Time in lieu leave	11	–	7	–
Employee Leave Entitlements on-costs	140	5	137	5
<b>Total employee benefit provisions</b>	<b>2,913</b>	<b>146</b>	<b>2,973</b>	<b>150</b>

## Employee benefit provisions relating to restricted assets

<b>Total employee benefit provisions relating to restricted assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total employee benefit provisions relating to unrestricted assets</b>	<b>2,913</b>	<b>146</b>	<b>2,973</b>	<b>150</b>
<b>Total employee benefit provisions</b>	<b>2,913</b>	<b>146</b>	<b>2,973</b>	<b>150</b>

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

	2022 \$ '000	2021 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,215	2,730
	<b>2,215</b>	<b>2,730</b>

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## C2-3 Employee benefit provisions (continued)

## Description of and movements in provisions

	ELE provisions					Total \$ '000
	Annual leave \$ '000	Sick leave \$ '000	Long service leave \$ '000	ELE on-costs \$ '000	Other employee benefits \$ '000	
<b>2022</b>						
At beginning of year	788	194	1,914	143	85	3,124
Additional provisions	495	259	51	2	125	932
Amounts used (payments)	(488)	(266)	(112)	—	(131)	(997)
Total ELE provisions at end of year	795	187	1,853	145	79	3,059
<b>2021</b>						
At beginning of year	786	174	1,841	150	74	3,025
Additional provisions	609	252	140	—	—	1,001
Amounts used (payments)	(609)	(252)	(140)	—	—	(1,001)
Other	2	20	73	(7)	11	99
Total ELE provisions at end of year	788	194	1,914	143	85	3,124

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### C2-3 Employee benefit provisions (continued)

#### Accounting policy

Provisions are recognised when Council has a present legal or constructive obligations 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 anyone 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 interest expenses.

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

#### 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.

#### 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, payroll tax and workers compensation 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.

### C2-4 Provisions

	2022 Current \$ '000	2022 Non-Current \$ '000	2021 Current \$ '000	2021 Non-Current \$ '000
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	166	1,565	166	2,988
<b>Total provisions</b>	<b>166</b>	<b>1,565</b>	<b>166</b>	<b>2,988</b>
<b>Provisions relating to restricted assets</b>				
<b>Total provisions relating to restricted assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total provisions relating to unrestricted assets</b>	<b>166</b>	<b>1,565</b>	<b>166</b>	<b>2,988</b>

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**C2-4 Provisions (continued)**

	2022 Current \$ '000	2022 Non-Current \$ '000	2021 Current \$ '000	2021 Non-Current \$ '000
Total provisions	166	1,565	166	2,988

**Current provisions not anticipated to be settled within the next twelve months**

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

**Description of and movements in provisions**

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
<b>2022</b>		
At beginning of year	3,154	3,154
Other	(1,423)	(1,423)
Total other provisions at end of year	1,731	1,731
<b>2021</b>		
At beginning of year	534	534
Remeasurement effects	2,620	2,620
Total other provisions at end of year	3,154	3,154

**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.

**Asset remediation – tips and quarries**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

### C3 Reserves

#### C3-1 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 Council structure****D1 Results by fund**

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

**D1-1 Income Statement by fund**

	<b>General 2022 \$ '000</b>	<b>Water 2022 \$ '000</b>	<b>Sewer 2022 \$ '000</b>
<b>Income from continuing operations</b>			
Rates and annual charges	9,201	1,429	3,086
User charges and fees	3,072	1,613	249
Interest and investment revenue	262	52	42
Other revenues	620	—	—
Grants and contributions provided for operating purposes	11,133	37	32
Grants and contributions provided for capital purposes	8,767	—	—
Net gains from disposal of assets	191	—	—
Reversal of revaluation decrements on IPPE previously expensed	3,109	2,039	—
<b>Total income from continuing operations</b>	<b>36,355</b>	<b>5,170</b>	<b>3,409</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	8,633	547	371
Materials and services	4,463	1,577	1,195
Depreciation, amortisation and impairment of non-financial assets	8,372	789	725
Other expenses	789	—	—
<b>Total expenses from continuing operations</b>	<b>22,257</b>	<b>2,913</b>	<b>2,291</b>
<b>Operating result from continuing operations</b>	<b>14,098</b>	<b>2,257</b>	<b>1,118</b>
<b>Net operating result for the year</b>	<b>14,098</b>	<b>2,257</b>	<b>1,118</b>
<b>Net operating result attributable to each council fund</b>	<b>14,098</b>	<b>2,257</b>	<b>1,118</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>5,331</b>	<b>2,257</b>	<b>1,118</b>

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## D1-2 Statement of Financial Position by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3,403	2,095	2,119
Investments	18,867	5,391	3,242
Receivables	2,301	393	140
Other	72	31	—
<b>Total current assets</b>	<b>24,643</b>	<b>7,910</b>	<b>5,501</b>
<b>Non-current assets</b>			
Investments	15,000	—	—
Infrastructure, property, plant and equipment	401,394	34,651	29,863
Intangible assets	1,268	—	—
<b>Total non-current assets</b>	<b>417,662</b>	<b>34,651</b>	<b>29,863</b>
<b>Total assets</b>	<b>442,305</b>	<b>42,561</b>	<b>35,364</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	2,930	114	151
Contract liabilities	4,464	—	—
Employee benefit provision	2,913	—	—
Provisions	166	—	—
<b>Total current liabilities</b>	<b>10,473</b>	<b>114</b>	<b>151</b>
<b>Non-current liabilities</b>			
Payables	55	—	—
Employee benefit provision	146	—	—
Provisions	1,565	—	—
<b>Total non-current liabilities</b>	<b>1,766</b>	<b>—</b>	<b>—</b>
<b>Total liabilities</b>	<b>12,239</b>	<b>114</b>	<b>151</b>
<b>Net assets</b>	<b>430,066</b>	<b>42,447</b>	<b>35,213</b>
<b>EQUITY</b>			
Accumulated surplus	373,748	42,447	34,883
Revaluation reserves	56,317	—	331
<b>Council equity interest</b>	<b>430,065</b>	<b>42,447</b>	<b>35,214</b>
<b>Total equity</b>	<b>430,065</b>	<b>42,447</b>	<b>35,214</b>

**D2 Interests in other entities****D2-1 Subsidiaries**

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Council's consolidated financial statements also include controlled entities with ownership interest of 50% or less.

Name of Operation/Entity	Principal activity
Conargo Hall Committee	Section 355 Committee for the Conargo Memorial Hall and Recreation ground.

Interests in Subsidiary	Ownership 2022	Ownership 2021	Voting rights 2022	Voting rights 2021
Council's interest in Subsidiary	100%	100%	100%	100%

**The nature and extent of significant restrictions relating to the Subsidiary**

The majority of the funds (\$2.727M) held by the Conargo Hall Committee are funds relating to the Bob White bequest. The use of these funds is restricted by the terms of the bequest.

**Summarised financial information for the Subsidiary**

	2022 \$ '000	2021 \$ '000
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**Summarised statement of financial position**

Current assets	2,793	—
<b>Total assets</b>	<b>2,793</b>	<b>—</b>
<b>Net assets <sup>(2)</sup></b>	<b>2,793</b>	<b>—</b>

	Council's share of net assets	
	2022 \$ '000	2021 \$ '000
Associates	—	50
<b>Total net share of interests in joint ventures and associates using the equity method – income</b>	<b>—</b>	<b>50</b>
Total Council's share of net income	—	50
Associates	—	385
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>—</b>	<b>385</b>
Total Council's share of net assets	—	385

(\*) Central Murray Regional Library was dissolved on 30 June 2021

## E Risks and accounting uncertainties

### E1-1 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.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

	Carrying value 2022 \$ '000	Carrying value 2021 \$ '000	Fair value 2022 \$ '000	Fair value 2021 \$ '000
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	7,617	6,836	4,828	4,049
Receivables	2,834	2,566	2,834	2,566
Investments				
– Debt securities at amortised cost	42,500	42,750	42,500	42,750
<b>Total financial assets</b>	<b>52,951</b>	<b>52,152</b>	<b>50,162</b>	<b>49,365</b>
<b>Financial liabilities</b>				
Payables	3,250	3,047	3,250	3,047
<b>Total financial liabilities</b>	<b>3,250</b>	<b>3,047</b>	<b>3,250</b>	<b>3,047</b>

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.
- **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.

## E1-1 Risks relating to financial instruments held (continued)

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

	2022 \$ '000	2021 \$ '000
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The impact on result for the year and equity of a reasonably possible movement in 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 425 334

Impact of a 10% movement in price of investments

– Equity / Income Statement 4,250 –

## (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.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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.

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
<b>2022</b>				
Gross carrying amount	–	614	111	725
<b>2021</b>				
Gross carrying amount	–	762	85	847

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

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2022 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts 31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	Total \$ '000
<b>2022</b>						
Gross carrying amount	–	1,977	10	67	361	2,415

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## E1-1 Risks relating to financial instruments held (continued)

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts 31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	Total \$ '000
Expected loss rate (%)	5.65%	0.00%	2.47%	7.77%	52.50%	8.07%
ECL provision	111	(49)	—	5	190	257
2021						
Gross carrying amount	1,000	35	54	268	661	2,018
Expected loss rate (%)	7.44%	0.89%	0.93%	1.30%	33.29%	14.80%
ECL provision	74	—	1	3	220	298

## (c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk - 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended, and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total contractual cash outflows \$ '000	Actual carrying values \$ '000
2022							
Payables	0.00%	208	2,987	55	—	3,250	3,250
Total financial liabilities		208	2,987	55	—	3,250	3,250
2021							
Payables	0.00%	323	2,674	—	—	2,997	3,047
Total financial liabilities		323	2,674	—	—	2,997	3,047



## E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

### 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 asset and liability held at fair value by Council:

Fair value measurement hierarchy							
\$ '000	Notes	Date of latest valuation		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-6						
Plant and equipment		30/06/22	30/06/21	5,861	5,945	5,861	5,945
Office equipment		30/06/22	30/06/21	368	310	368	310
Furniture and fittings		30/06/22	30/06/21	28	39	28	39
Operational land		30/06/21	30/06/21	7,755	7,386	7,755	7,386
Community land		30/06/21	30/06/21	1,707	1,626	1,707	1,626
Crown land		30/06/21	30/06/21	4,874	4,642	4,874	4,642
Land improvements – depreciable		30/06/21	30/06/21	3,967	3,768	3,967	3,768
Buildings – non-specialised		29/02/20	29/02/20	12,623	10,654	12,623	10,654
Buildings – specialised		29/02/20	29/02/20	37,883	33,897	37,883	33,897
Other structures		29/02/20	29/02/20	17,901	17,077	17,901	17,077
Roads		29/02/20	29/02/20	184,184	177,034	184,184	177,034
Bridges		29/02/20	29/02/20	7,284	7,090	7,284	7,090
Footpaths and kerb and gutter		29/02/20	29/02/20	19,743	17,501	19,743	17,501
Other road assets		29/02/20	29/02/20	3,892	3,853	3,892	3,853
Bulk earthworks		29/02/20	29/02/20	33,842	33,136	33,842	33,136
Stormwater drainage		29/02/20	29/02/20	26,430	25,261	26,430	25,261
Water supply network		30/06/21	30/06/21	37,530	35,135	37,530	35,135
Sewerage network		01/06/22	30/06/21	32,325	32,421	32,325	32,421
Swimming pools		30/06/21	30/06/21	4,535	4,218	4,535	4,218
Other open spaces/recreational assets		30/06/21	30/06/21	9,747	8,404	9,747	8,404
Library books		30/06/21	30/06/21	137	105	137	105
Tip assets		29/02/20	29/02/20	2,989	3,154	2,989	3,154
Total infrastructure, property, plant and equipment				455,605	432,656	455,605	432,656

### Non-recurring fair value measurements

### 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).

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## E2-1 Fair value measurement (continued)

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

### Infrastructure, property, plant and equipment (IPPE)

**Plant and Equipment** - This class of asset category is not valued at fair value. The category is at depreciated historical cost, but is disclosed as fair value.

**Office Equipment** - Same as Plant and Equipment above.

**Furniture and Fittings** - Same as Plant and Equipment above.

**Operational Land** - The latest valuation was conducted by APV Valuers during the 2020/21 financial year.

The valuation method used is in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines). Operational Land should be valued at market value after considering the buyers and sellers in the market and, where possible, include elements such as zoning limitations, alternative use and size of the land.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, PDSLIVE property searches, Benchmarking, APV database of recent projects and on-site visits.

**Community Land** - The latest valuation was conducted by APV Valuers during the 2020/21 financial year.

The valuation method used is in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines). Council is unable to provide neither observable nor unobservable valuation techniques and therefore it is reported as a Level 3.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, PDSLIVE property searches, Benchmarking, APV database of recent projects and on-site visits.

Following advice from the NSW Audit Office, Council discounted the market value of Community Land to equal values from the Valuer General's office. This was done so as to cater for the restrictions that are on Community Land.

**Crown Land** - Same as Community Land above.

**Land Improvements (Depreciable)** - The latest valuation was conducted by APV Valuers during the 2020/21 financial year. Council assessed no material movements in the fair value during the year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide, Benchmarking, APV database of recent projects and on-site visits.

**Buildings (Non - Specialised)** - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. To account for the movements in fair value due to the rise in the inflation rate during the year, Council applied an indexation rate of 10% on the fair values as at 30 June 2022.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately. This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

**Buildings (Specialised)** - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. To account for the movements in fair value due to the rise in the inflation rate during the year, Council applied an indexation rate of 10% on the fair values as at 30 June 2022.

Refer to Buildings (Non-Specialised) above for valuation method and data sources.

**Other Structures** - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Council assessed no material movements in the fair value during the year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

## E2-1 Fair value measurement (continued)

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide, Benchmarking, APV database of recent projects and on-site visits.

**Roads & Bulk Earthworks** - The latest valuation was conducted by APV Valuers during the 2019/20 financial year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual construction or purchase prices, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

Council assessed no material movements in the fair value during the year.

**Bridges** - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Roads above for valuation method and data sources.

Council assessed no material movements in the fair value during the year.

**Footpaths** - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Roads above for valuation method and data sources.

Council assessed no material movements in the fair value during the year.

**Stormwater** - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Roads above for valuation method and data sources.

Council assessed no material movements in the fair value during the year.

**Water Supply Network** - The latest valuation was conducted by APV Valuers during the 2019/20 financial year, with an indexation rate of 5.73% applied to the asset values for the 2021/22 year in accordance with the NSW Rates Reference Manual issued by DPI- Water.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual construction or purchase prices, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

**Sewer Network** - The latest valuation was conducted by APV Valuers during the year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual construction or purchase prices, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

**Swimming Pools** - The latest valuation was conducted by APV Valuers during the 2020/21 financial year. Council assessed no material movements in the fair value during the year.

## E2-1 Fair value measurement (continued)

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

**Other Open Spaces/ Recreational Assets** - The latest valuation was conducted by APV Valuers during the 2020/21 financial year. Council assessed no material movements in the fair value during the year. Refer to Swimming Pools above for valuation method and data sources.

**Library Books** - Same as Plant and Equipment above.

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

### b. 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
<b>Infrastructure, property, plant and equipment</b>		
Work in progress	Cost approach	At cost.
Plant and equipment	Cost approach	Gross replacement cost, remaining useful life and residual value
Office equipment	Cost approach	Gross replacement cost, remaining useful life and residual value
Furniture and fittings	Cost approach	Gross replacement cost, remaining useful life and residual value
Operational land	Market value approach	Comparison to other similar land sales/property prices, use of land and land area.
Community land	Market value approach	Use of land, zoning conditions and unit rates per square metre
Crown land	Market value approach	Use of land, zoning conditions and unit rates per square metre
Land improvements – depreciable	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Buildings – non specialised	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Buildings – specialised	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Other structures	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Roads	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Bridges	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.

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## E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Footpaths and kerb	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Bulk earthworks	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Other road assets	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Stormwater drainage	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Water supply network	Cost approach - depreciated replacement	Unit rate cost from market evidence, split between short and long life components, valuation profiles and consumption score.
Sewerage network	Cost approach - depreciated replacement	Unit rate cost from market evidence, split between short and long life components, valuation profiles and consumption score.
Swimming pools	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score.
Other open spaces/recreational assets	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score.
Library books	Cost approach	Gross replacement cost and remaining useful life
Other assets	Cost approach - depreciated replacement	Gross replacement cost and remaining useful life
Tip assets	Cost approach - depreciated replacement	Gross replacement cost and remaining useful life

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## E2-1 Fair value measurement (continued)

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

	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Opening balance</b>	5,945	5,527	310	353	39	54	7,386	7,626
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	–	–	369	(125)
<b>Other movements</b>								
Purchases	1,032	1,718	166	47	–	–	–	45
Disposals	(20)	(83)	(2)	–	–	–	–	(160)
Depreciation and impairment	(1,096)	(1,217)	(107)	(90)	(10)	(15)	–	–
Adjustments and transfers	–	–	1	–	(1)	–	–	–
<b>Closing balance</b>	<b>5,861</b>	<b>5,945</b>	<b>368</b>	<b>310</b>	<b>28</b>	<b>39</b>	<b>7,755</b>	<b>7,386</b>

	Community Land		Crown Land		Land improvements		Buildings non specialised	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Opening balance</b>	1,626	1,626	4,642	4,642	3,768	3,363	10,654	10,919
<b>Total gains or losses for the period</b>								
Recognised in profit or loss – realised (refer to Note B6-1)	–	–	–	–	–	–	57	–
Recognised in other comprehensive income – revaluation surplus	81	–	232	–	188	303	1,091	–
<b>Other movements</b>								
Purchases	–	–	–	–	125	141	1,082	–
Disposals	–	–	–	–	–	(26)	–	–
Depreciation and impairment	–	–	–	–	(114)	(107)	(260)	(264)
Adjustments and transfers	–	–	–	–	–	94	(1)	(1)
<b>Closing balance</b>	<b>1,707</b>	<b>1,626</b>	<b>4,874</b>	<b>4,642</b>	<b>3,967</b>	<b>3,768</b>	<b>12,623</b>	<b>10,654</b>

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## E2-1 Fair value measurement (continued)

	Building specialised		Other structures		Roads		Bridges	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Opening balance</b>	33,897	33,856	17,077	17,145	177,034	178,567	7,090	7,159
<b>Total gains or losses for the period</b>								
Recognised in profit or loss – realised (refer to Note B6-1)	3,444	–	–	–	–	–	–	–
Recognised in other comprehensive income – revaluation surplus	–	–	932	–	2,884	–	78	–
<b>Other movements</b>								
Purchases	1,344	843	–	40	8,451	2,962	183	–
Depreciation and impairment	(803)	(801)	(108)	(108)	(4,185)	(4,445)	(69)	(69)
Adjustments and transfers	1	(1)	–	–	–	(50)	2	–
<b>Closing balance</b>	37,883	33,897	17,901	17,077	184,184	177,034	7,284	7,090

	Footpaths		Bulk earthworks		Other road assets		Stormwater drainage	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Opening balance</b>	17,501	16,601	33,136	33,092	3,853	3,881	25,261	25,070
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	271	–	566	5	23	–	422	–
<b>Other movements</b>								
Purchases	2,293	1,323	141	38	82	40	1,113	554
Depreciation and impairment	(322)	(397)	–	–	(66)	(69)	(367)	(363)
Adjustments and transfers	–	(26)	(1)	1	–	1	1	–
<b>Closing balance</b>	19,743	17,501	33,842	33,136	3,892	3,853	26,430	25,261

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## E2-1 Fair value measurement (continued)

	Water supply network		Sewerage network		Swimming pools		Other open spaces	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Opening balance</b>	35,135	34,567	32,421	30,245	4,218	4,141	8,404	5,148
<b>Total gains or losses for the period</b>								
Recognised in profit or loss – realised (refer to Note B6-1)	1,316	–	331	–	–	–	–	–
Recognised in other comprehensive income – revaluation surplus	696	–	–	–	235	–	730	1,766
<b>Other movements</b>								
Purchases	758	1,024	709	2,530	172	26	981	1,997
Depreciation and impairment	(787)	(455)	(724)	(353)	(91)	(86)	(369)	(277)
Adjustments and transfers	412	(1)	(412)	(1)	1	137	1	(230)
<b>Closing balance</b>	<b>37,530</b>	<b>35,135</b>	<b>32,325</b>	<b>32,421</b>	<b>4,535</b>	<b>4,218</b>	<b>9,747</b>	<b>8,404</b>

	Library books		Other assets		Tip assets		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Opening balance</b>	105	137	–	–	3,154	–	432,656	423,719
Recognised in profit or loss – realised (refer to Note B6-1)	–	–	–	–	–	–	5,148	–
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	1,423	–	10,221	1,949
Purchases	39	29	–	–	–	–	18,671	13,357
Disposals	–	–	–	–	–	–	(22)	(269)
Depreciation and impairment	(6)	(61)	–	(74)	(165)	–	(9,649)	(9,251)
Adjustments and transfers	(1)	–	–	74	(1,423)	–	(1,420)	(3)
<b>Closing balance</b>	<b>137</b>	<b>105</b>	<b>–</b>	<b>–</b>	<b>2,989</b>	<b>–</b>	<b>455,605</b>	<b>429,502</b>

## Highest and best use

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



## E3-1 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 participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. 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 employee contributions for non-180 Point members Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

\*For 180 Point Members, Employers are required to contribute 7.5% 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 total past service contributions of \$40.0 million per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used 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.

As stated 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.

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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

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.

The plan is a defined benefit plan. However, 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). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note B3-1 for the year ending 30 June 2022 was \$119,651.55.

The last valuation of the scheme was performed by Mr Richard Boyfield FIAA as at 30 June 2021.

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### E3-1 Contingencies (continued)

Council's expected contribution to the Fund for the next annual reporting period is \$90,926.40.

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

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

\* excluding other accumulation accounts and reserves in both assets and liabilities.

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

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 will be completed around December 2022.

Council's past service contribution per annum of 0.28% of the total past services contributions for all Pooled Employers (of \$40m for each year from 1 July 2019 to 31 December 2021 and \$20 million for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

#### (ii) Statewide Limited

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 June 2022 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

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

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

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

#### (iv) Other guarantees

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

### 2. Other liabilities not recognised

#### (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.

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### E3-1 Contingencies (continued)

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**(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.

## F People and relationships

### F1 Related party disclosures

#### F1-1 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.

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

	2022 \$ '000	2021 \$ '000
<b>Compensation:</b>		
Short-term benefits	929	1,018
Other long-term benefits	84	78
<b>Total</b>	<b>1,013</b>	<b>1,096</b>

**F1-2 Councillor and Mayoral fees and associated expenses**

	<b>2022</b>	2021
	<b>\$ '000</b>	\$ '000

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	<b>26</b>	27
Councillors' fees	<b>105</b>	108
Other Councillors' expenses (including Mayor)	<b>63</b>	23
<b>Total</b>	<b>194</b>	<b>158</b>

## F1-3 Other related parties

	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
<b>2022</b>					
Infrastructure works	2	115	–	–	–
Other	3	200	–	–	–
<b>2021</b>					
Real Estate	1	11	–	–	–
Infrastructure works	2	10	–	–	–
Other	3	191	–	–	–

1 There were no transactions in 2022 as prior Councillor no longer worked for real estate company of prior years and had no other transactions in new company.

2 Council paid 115k for watermain works for a KMP related company. The KMP works as a volunteer for this Company.

Two family members of different KMP work for council and they have not received any payments other than remuneration in terms of their employment contract \$182,241.19 in 2022.

3 Other transactions included small grants paid, tipping fees received, gravel royalties paid; as well as payments for training provided across multiple KMP.

## F2 Other relationships

### F2-1 Audit fees

	2022	2021
	\$ '000	\$ '000

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

#### Total audit fees

86	91
<b>86</b>	<b>91</b>

**G Other matters****G1-1 Statement of Cash Flows information****(a) Reconciliation of net operating result to cash provided from operating activities**

	2022 \$ '000	2021 \$ '000
<b>Net operating result from Income Statement</b>	<b>17,473</b>	<b>4,881</b>
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	9,886	9,793
(Gain) / loss on disposal of assets	(191)	(449)
Non-cash distribution from dissolution of Associate	–	321
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L	(5,148)	(614)
Share of net (profits)/losses of associates/joint ventures using the equity method	–	(50)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(275)	327
Increase / (decrease) in provision for impairment of receivables	7	15
(Increase) / decrease of other current assets	(6)	(35)
Increase / (decrease) in payables	194	(25)
Increase / (decrease) in other accrued expenses payable	79	(777)
Increase / (decrease) in other liabilities	(39)	(54)
Increase / (decrease) in contract liabilities	(1,260)	4,768
Increase / (decrease) in employee benefit provision	(64)	98
Increase / (decrease) in other provisions	–	2,620
<b>Net cash flows from operating activities</b>	<b>20,656</b>	<b>20,819</b>

**(b) Non-cash investing and financing activities**

Non-cash distribution from dissolution of Central Murray County Council (CMCC)	–	(321)
<b>Total non-cash investing and financing activities</b>	<b>–</b>	<b>(321)</b>



## G2-1 Commitments

## Capital commitments (exclusive of GST)

	2022	2021
	\$ '000	\$ '000

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

**Property, plant and equipment**

Buildings	2,906	5,099
Open space and recreational assets	309	439
Water infrastructure	96	24
Sewer infrastructure	182	241
Roads	1,321	860
Motor vehicles and major plant acquisitions	1	154
ERC Merger projects	28	343
<b>Total commitments</b>	<b>4,843</b>	<b>7,160</b>

**These expenditures are payable as follows:**

Within the next year	4,843	7,160
<b>Total payable</b>	<b>4,843</b>	<b>7,160</b>

**Sources for funding of capital commitments:**

Unrestricted general funds	298	646
Externally restricted reserves	4,545	6,514
<b>Total sources of funding</b>	<b>4,843</b>	<b>7,160</b>

**Details of capital commitments**

Commitments exist for various grant funded projects including the Civic Place Redevelopment, roads, water and sewer projects.

## G3-1 Events occurring after the reporting date

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

## G4 Changes from prior year statements

## G4-1 Correction of errors

## Nature of prior period error

The nature of the prior period error is a previously undisclosed bequest given to the section 355 Conargo Hall Committee. The section 355 committee has the amount placed within a term deposit.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

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

## Changes to the opening Statement of Financial Position at 1 July 2020

## Statement of Financial Position

	Original Balance 1 July, 2020 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2020 \$ '000
Cash and Cash Equivalents	12,902	2,783	15,685
<b>Total current assets</b>	<b>48,027</b>	<b>2,783</b>	<b>50,810</b>
<b>Total assets</b>	<b>478,770</b>	<b>2,783</b>	<b>481,553</b>
<b>Net assets</b>	<b>470,113</b>	<b>2,783</b>	<b>472,896</b>
Accumulated Surplus	426,336	2,783	429,119
<b>Total equity</b>	<b>470,113</b>	<b>2,783</b>	<b>472,896</b>

## Adjustments to the comparative figures for the year ended 30 June 2021

## Statement of Financial Position

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
Cash & Cash Equivalents	4,049	2,787	6,836
<b>Total current assets</b>	<b>37,462</b>	<b>2,787</b>	<b>40,249</b>
<b>Total assets</b>	<b>495,224</b>	<b>2,787</b>	<b>498,011</b>
<b>Net assets</b>	<b>480,176</b>	<b>2,787</b>	<b>482,963</b>
Accumulated surplus	431,203	2,787	433,990
<b>Total equity</b>	<b>480,176</b>	<b>2,787</b>	<b>482,963</b>

## G4-1 Correction of errors (continued)

## Income Statement

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
Interest and Investment Income	377	19	396
<b>Total income from continuing operations</b>	<b>32,705</b>	<b>19</b>	<b>32,724</b>
Materials & Services	7,198	16	7,214
<b>Total expenses from continuing operations</b>	<b>27,827</b>	<b>16</b>	<b>27,843</b>
<b>Net operating result for the year</b>	<b>4,878</b>	<b>3</b>	<b>4,881</b>

## Statement of Comprehensive Income

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
<b>Net operating result for the year</b>	<b>4,878</b>	<b>3</b>	<b>4,881</b>
<b>Total comprehensive income for the year</b>	<b>4,878</b>	<b>3</b>	<b>4,881</b>

## G5 Statement of developer contributions as at 30 June 2022

### G5-1 Summary of developer contributions

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
Roads	11	—	—	—	—	—	11	—
Parking	8	—	—	—	—	—	8	—
Open space	4	—	—	—	—	—	4	—
Community facilities	9	—	—	—	—	—	9	—
Other	1	68	—	—	(68)	—	1	—
<b>S7.11 contributions – under a plan</b>	<b>33</b>	<b>68</b>	<b>—</b>	<b>—</b>	<b>(68)</b>	<b>—</b>	<b>33</b>	<b>—</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>33</b>	<b>68</b>	<b>—</b>	<b>—</b>	<b>(68)</b>	<b>—</b>	<b>33</b>	<b>—</b>
S7.11 not under plans	6	—	—	—	—	—	6	—
<b>Total contributions</b>	<b>39</b>	<b>68</b>	<b>—</b>	<b>—</b>	<b>(68)</b>	<b>—</b>	<b>39</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.

## G5-2 Developer contributions by plan

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
<b>CONTRIBUTION PLAN (former Deniliquin)</b>								
Roads	11	—	—	—	—	—	11	—
Parking	8	—	—	—	—	—	8	—
Open space	4	—	—	—	—	—	4	—
Community facilities	9	—	—	—	—	—	9	—
Other	1	68	—	—	(68)	—	1	—
<b>Total</b>	<b>33</b>	<b>68</b>	<b>—</b>	<b>—</b>	<b>(68)</b>	<b>—</b>	<b>33</b>	<b>—</b>

## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>3,382</b>	<b>10.97%</b>	2.04%	2.21%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>30,828</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>19,626</b>	<b>49.57%</b>	58.50%	55.39%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>39,595</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>18,178</b>	<b>5.53x</b>	5.66x	2.46x	> 1.50x
Current liabilities less specific purpose liabilities	<b>3,290</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>13,268</b>	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	—				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>923</b>	<b>6.20%</b>	6.97%	10.62%	< 10.00%
Rates and annual charges collectable	<b>14,879</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>50,117</b>	<b>29.95 months</b>	32.19 months	27.92 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>1,674</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

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	0.03%	(8.12)%	43.66%	22.54%	32.80%	38.86%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	35.84%	46.28%	99.28%	98.32%	99.06%	98.28%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	5.52x	5.66x	69.39x	83.75x	36.43x	36.35x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	∞	∞	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	8.91%	9.94%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	27.43 months	29.27 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 24a above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

To allow for comparative purposes, a discrepancy totalling \$173,000 has been taken up in 2018 'Income for continuing operations' figures. Code 27 has moved 'Pensioner rate subsidies', previously recognised in 'Special Purpose Grants', into 'Rates and annual charges'. Of the \$173,000, Financial assistance grants were decreased \$78,000 and Special purpose grants were decreased \$95,000. This required a restating of Indicator ratios for General, Water and Sewerage. As a result, the ratio percentages for 2018 figures have been slightly changed.

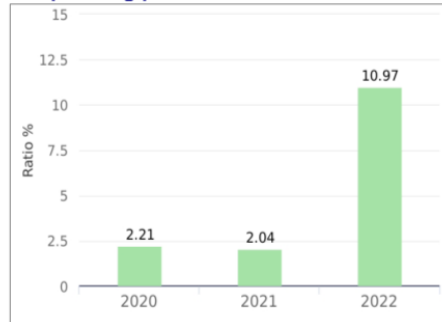
**End of the audited financial statements**



## H Additional Council disclosures (unaudited)

### H1-1 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 10.97%

Council's operating performance ratio improved significantly this year due to increased funding, with the Financial Assistance Grant prepayment portion being increased to 75% from 50% the previous year. In addition, there was a \$1.6M reversal of revaluation decrements for Water Fund Assets previously expensed. This had the effect of increasing the income from operating activities and therefore improving the ratio.

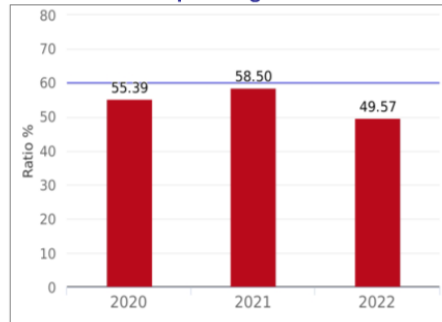
Benchmark: — > 0.00%

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 49.57%

The increase in Financial Assistance Grants led to a reduction in the Own source operating revenue ratio this year. Slightly more than half of Council's revenue was from external sources. Council continues to face the challenge of improving its revenue sources apart from grants and contributions going into the future.

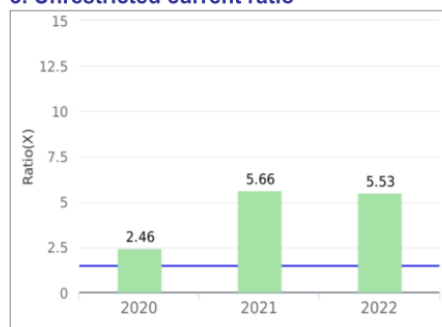
Benchmark: — > 60.00%

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 5.53x

Council has consistently managed to maintain its unrestricted current ratio above the benchmark over the years. This highlights its capacity to meet short term obligations as and when they arise. Council is in a very strong liquidity position, with unrestricted current assets able to cover current liabilities more than five times.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

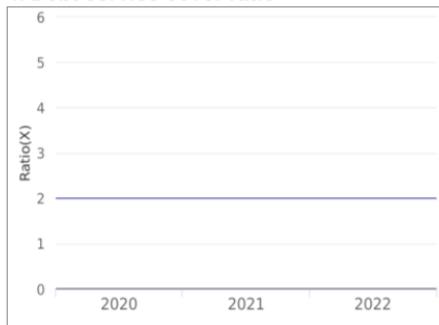
Ratio is outside benchmark

continued on next page ...

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## H1-1 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 ∞

Council did not have any borrowings during the year ending 30 June 2022.

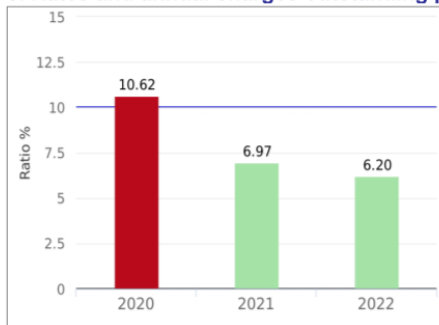
Benchmark: — &gt; 2.00x

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 6.20%

The Rates and annual charges outstanding percentage continues to show a steady decline from a peak of 10.62% in 2020 to be just over 6% for 2022. This was due to normalisation of debt recovery processes following the initial worsening situation as a result of the onset of the Covid-19 pandemic in 2020. The ratio is anticipated to settle around the 6% mark in the future, which is well within the Rural councils benchmark of 10%.

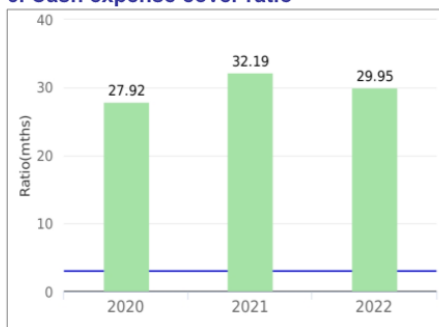
Benchmark: — &lt; 10.00%

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 29.95 months

Similar to the the unrestricted current ratio, Council has a very strong liquidity position. Council's outstanding cash expense ratio shows that cash balances are sufficient to support its short term operations for more than 33 months.

Benchmark: — &gt; 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

180 Cressy Street  
Deniliquin NSW 2710

**Contact details****Mailing Address:**

PO Box 270  
Deniliquin NSW 2710

**Telephone:** 03 5898 3000

**Facsimile:** 03 5898 3029

**Opening hours:**

8.30am to 5.00pm  
Monday to Friday

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

**Email:** [council@edwardriver.nsw.gov.au](mailto:council@edwardriver.nsw.gov.au)

**Officers****General Manager**

Philip Stone

**Responsible Accounting Officer**

Alistair Cochrane

**Auditors**

Audit Office NSW  
Level 19, Tower 2 Darling Park  
201 Sussex St  
Sydney NSW 2000

**Elected members****Mayor**

Cr Peta Betts

**Councillors**

Cr Paul Fellows - Deputy Mayor  
Cr Shirlee Burge  
Cr Harold Clapham  
Cr Linda Fawns  
Cr Pat Fogarty  
Cr Tarria Moore  
Cr Marc Petersen  
Cr Shannon Sampson

**Other information**

**ABN:** 90 407 359 958

Edward River Council | Notes to the Financial Statements 30 June 2022

## Edward River Council

### General Purpose Financial Statements for the year ended 30 June 2022

#### Independent Auditor's Reports:

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#### On the Financial Statements (Sect 417 [2])

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

continued on next page ...

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Edward River Council | Notes to the Financial Statements 30 June 2022

Edward River Council

General Purpose Financial Statements  
for the year ended 30 June 2022

Independent Auditor's Reports: (continued)

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On the Financial Statements (Sect 417 [3])

**Independent Auditor's Report**

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

# Edward River Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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## Edward River Council

## Special Purpose Financial Statements

for the year ended 30 June 2022

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<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
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Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
<b>Note – Significant Accounting Policies</b>	<b>8</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>11</b>

**Background**

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Edward River Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

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#### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

**The attached Special Purpose Financial Statements have been prepared in accordance with:**

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government *Code of Accounting Practice and Financial Reporting*,
- the NSW Office of Water *Best-Practice Management of Water and Sewerage Guidelines*.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

**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 06 December 2022.**

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Cr Peta Betts

**Mayor**

06 December 2022

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Cr Paul Fellows

**Deputy Mayor**

06 December 2022

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Philip Stone

**General Manager**

06 December 2022

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Alistair Cochrane

**Responsible Accounting Officer**

06 December 2022



Edward River Council | Income Statement of water supply business activity | for the year ended 30 June 2022

## Edward River Council

Income Statement of water supply business activity  
for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
<b>Income from continuing operations</b>		
Access charges	1,429	1,396
User charges	1,613	1,851
Interest and investment income	52	65
Grants and contributions provided for operating purposes	37	62
Reversal of revaluation decrements of IPPE previously expensed	2,039	318
<b>Total income from continuing operations</b>	<b>5,170</b>	<b>3,692</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	547	528
Materials and services	1,577	1,558
Depreciation, amortisation and impairment	789	774
<b>Total expenses from continuing operations</b>	<b>2,913</b>	<b>2,860</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,257</b>	<b>832</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,257</b>	<b>832</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,257</b>	<b>832</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(564)	(216)
<b>Surplus (deficit) after tax</b>	<b>1,693</b>	<b>616</b>
<b>Plus accumulated surplus</b>	<b>41,548</b>	<b>40,716</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	564	216
<b>Closing accumulated surplus</b>	<b>43,805</b>	<b>41,548</b>
<b>Return on capital %</b>	<b>6.5%</b>	<b>2.5%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,693	616
<b>Surplus for dividend calculation purposes</b>	<b>1,693</b>	<b>616</b>
<b>Potential dividend calculated from surplus</b>	<b>846</b>	<b>114</b>

Edward River Council | Income Statement of sewerage business activity | for the year ended 30 June 2022

## Edward River Council

Income Statement of sewerage business activity  
for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
<b>Income from continuing operations</b>		
Access charges	3,086	3,022
User charges	237	286
Fees	12	9
Interest and investment income	42	54
Grants and contributions provided for operating purposes	32	64
Reversal of revaluation decrements of IPPE previously expensed	–	296
<b>Total income from continuing operations</b>	<b>3,409</b>	<b>3,731</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	371	399
Materials and services	1,195	1,232
Depreciation, amortisation and impairment	725	650
<b>Total expenses from continuing operations</b>	<b>2,291</b>	<b>2,281</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,118</b>	<b>1,450</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,118</b>	<b>1,450</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,118</b>	<b>1,450</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(280)	(377)
<b>Surplus (deficit) after tax</b>	<b>838</b>	<b>1,073</b>
<b>Plus accumulated surplus</b>	<b>35,866</b>	<b>34,416</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	280	377
<b>Closing accumulated surplus</b>	<b>36,984</b>	<b>35,866</b>
<b>Return on capital %</b>	<b>3.7%</b>	<b>4.7%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	839	1,073
<b>Surplus for dividend calculation purposes</b>	<b>839</b>	<b>1,073</b>
<b>Potential dividend calculated from surplus</b>	<b>419</b>	<b>104</b>

Edward River Council | Statement of Financial Position of water supply business activity | for the year ended 30 June 2022

## Edward River Council

Statement of Financial Position of water supply business activity  
as at 30 June 2022

	2022 \$ '000	2021 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,095	2,658
Investments	5,391	5,391
Receivables	393	577
Other	31	—
<b>Total current assets</b>	<b>7,910</b>	<b>8,626</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	34,651	33,025
<b>Total non-current assets</b>	<b>34,651</b>	<b>33,025</b>
<b>Total assets</b>	<b>42,561</b>	<b>41,651</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	114	103
<b>Total current liabilities</b>	<b>114</b>	<b>103</b>
<b>Total liabilities</b>	<b>114</b>	<b>103</b>
<b>Net assets</b>	<b>42,447</b>	<b>41,548</b>
<b>EQUITY</b>		
Accumulated surplus	42,447	41,548
<b>Total equity</b>	<b>42,447</b>	<b>41,548</b>

Edward River Council | Statement of Financial Position of sewerage business activity | for the year ended 30 June 2022

## Edward River Council

Statement of Financial Position of sewerage business activity  
as at 30 June 2022

	2022 \$ '000	2021 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,119	1,835
Investments	3,242	3,242
Receivables	140	267
<b>Total current assets</b>	<b>5,501</b>	<b>5,344</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	29,864	30,669
<b>Total non-current assets</b>	<b>29,864</b>	<b>30,669</b>
<b>Total assets</b>	<b>35,365</b>	<b>36,013</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	151	147
<b>Total current liabilities</b>	<b>151</b>	<b>147</b>
<b>Total liabilities</b>	<b>151</b>	<b>147</b>
<b>Net assets</b>	<b>35,214</b>	<b>35,866</b>
<b>EQUITY</b>		
Accumulated surplus	34,883	35,866
Revaluation reserves	331	—
<b>Total equity</b>	<b>35,214</b>	<b>35,866</b>

## Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2005* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### Category 1

(where gross operating turnover is over \$2 million)

##### a. Water business activity

##### b. Sewer business activity

#### Category 2

(where gross operating turnover is less than \$2 million)

Nil

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

Corporate income tax rate – 27.5%

continued on next page ...

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## Note – Significant Accounting Policies (continued)

**Land tax** – the first \$734,000 of combined land values attracts **0%**. For the combined land values in excess of \$734,001 up to \$4,488,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,488,000 a premium marginal rate of **2.0%** applies.

**Payroll tax** – **5.45%** on the value of taxable salaries and wages in excess of \$900,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 27.5% is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

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**Operating result before capital income + interest expense**

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continued on next page ...

Page 9 of 11

**Note – Significant Accounting Policies (continued)**

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**Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% at 30/6/22.

**(iii) Dividends**

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.

Edward River Council | Special Purpose Financial Statements 2022

Edward River Council

Special Purpose Financial Statements  
for the year ended 30 June 2022

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Please upift Council's Audit Report PDF (opinion) for inclusion in the SPFS report (via the Home screen).



# Edward River Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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## Edward River Council

## Special Schedules

for the year ended 30 June 2022

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**Special Schedules:**

Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	4

Edward River Council | Permissible income for general rates | for the year ended 30 June 2022

## Edward River Council

## Permissible income for general rates

	Notes	Calculation 2021/22 \$ '000	Calculation 2022/23 \$ '000
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	7,421	7,769
Plus or minus adjustments <sup>2</sup>	b	6	7
<b>Notional general income</b>	c = a + b	<b>7,427</b>	<b>7,776</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	i = e x (c + g)	149	156
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>7,576</b>	<b>7,932</b>
Plus (or minus) last year's carry forward total	l	192	—
<b>Sub-total</b>	n = (l + m)	<b>192</b>	<b>—</b>
<b>Total permissible income</b>	o = k + n	<b>7,768</b>	<b>7,932</b>
Less notional general income yield	p	7,769	7,933
<b>Catch-up or (excess) result</b>	q = o - p	<b>—</b>	<b>(1)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	—	2
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>—</b>	<b>1</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)*.
- (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.

## Edward River Council

## Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	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				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	264	264	144	131	12,623	16,964	13.0%	50.0%	30.0%	7.0%	0.0%
	Buildings – specialised	801	801	514	467	37,883	60,478	18.0%	41.0%	27.0%	13.0%	1.0%
	<b>Sub-total</b>	<b>1,065</b>	<b>1,065</b>	<b>658</b>	<b>598</b>	<b>50,506</b>	<b>77,442</b>	<b>16.9%</b>	<b>43.0%</b>	<b>27.7%</b>	<b>11.7%</b>	<b>0.8%</b>
Other structures	Other structures	107	107	35	37	17,901	19,723	24.0%	51.0%	17.0%	8.0%	0.0%
	<b>Sub-total</b>	<b>107</b>	<b>107</b>	<b>35</b>	<b>37</b>	<b>17,901</b>	<b>19,723</b>	<b>24.0%</b>	<b>51.0%</b>	<b>17.0%</b>	<b>8.0%</b>	<b>0.0%</b>
Roads	Sealed roads	3,923	3,923	1,234	1,092	184,184	247,599	12.0%	26.0%	55.0%	6.0%	1.0%
	Unsealed roads	523	523	1,173	1,051	–	–	23.0%	28.0%	27.0%	22.0%	0.0%
	Bridges	69	69	69	69	7,284	10,748	14.0%	54.0%	32.0%	0.0%	0.0%
	Footpaths and kerb and gutter	397	397	73	78	19,743	28,596	6.0%	27.0%	61.0%	5.0%	1.0%
	Other road assets	–	–	–	–	3,892	4,848	33.0%	30.0%	37.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	33,842	33,276	24.0%	1.0%	75.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>4,912</b>	<b>4,912</b>	<b>2,549</b>	<b>2,290</b>	<b>248,945</b>	<b>325,067</b>	<b>13.1%</b>	<b>24.5%</b>	<b>56.5%</b>	<b>5.0%</b>	<b>0.8%</b>
Water supply network	Water supply network	773	773	959	941	37,530	64,787	6.0%	27.0%	47.0%	16.0%	4.0%
	<b>Sub-total</b>	<b>773</b>	<b>773</b>	<b>959</b>	<b>941</b>	<b>37,530</b>	<b>64,787</b>	<b>6.0%</b>	<b>27.0%</b>	<b>47.0%</b>	<b>16.0%</b>	<b>4.0%</b>
Sewerage network	Sewerage network	649	649	761	720	32,325	59,793	23.0%	28.0%	13.0%	18.0%	18.0%
	<b>Sub-total</b>	<b>649</b>	<b>649</b>	<b>761</b>	<b>720</b>	<b>32,325</b>	<b>59,793</b>	<b>23.0%</b>	<b>28.0%</b>	<b>13.0%</b>	<b>18.0%</b>	<b>18.0%</b>
Stormwater drainage	Stormwater drainage	363	363	69	93	26,671	38,539	32.0%	32.0%	26.0%	8.0%	2.0%
	<b>Sub-total</b>	<b>363</b>	<b>363</b>	<b>69</b>	<b>93</b>	<b>26,671</b>	<b>38,539</b>	<b>32.0%</b>	<b>32.0%</b>	<b>26.0%</b>	<b>8.0%</b>	<b>2.0%</b>

Edward River Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Edward River Council

## Report on infrastructure assets as at 30 June 2022 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	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				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Open space / recreational assets	Swimming pools	66	66	312	319	4,535	5,488	21.0%	57.0%	19.0%	3.0%	0.0%
	Other open space/ recreational	277	277	770	870	9,747	12,030	45.0%	25.0%	14.0%	15.0%	1.0%
	<b>Sub-total</b>	<b>343</b>	<b>343</b>	<b>1,082</b>	<b>1,189</b>	<b>14,282</b>	<b>17,518</b>	<b>37.5%</b>	<b>35.0%</b>	<b>15.6%</b>	<b>11.2%</b>	<b>0.7%</b>
<b>Total – all assets</b>		<b>8,212</b>	<b>8,212</b>	<b>6,113</b>	<b>5,868</b>	<b>428,160</b>	<b>602,869</b>	<b>16.1%</b>	<b>29.1%</b>	<b>43.1%</b>	<b>8.8%</b>	<b>2.9%</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

## Edward River Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021      2020		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>	12,916	430.10%	152.80%	66.43%	> 100.00%
Depreciation, amortisation and impairment	3,003				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	8,212	1.87%	1.99%	3.09%	< 2.00%
Net carrying amount of infrastructure assets	438,222				
Asset maintenance ratio					
Actual asset maintenance	5,868	95.99%	94.24%	113.12%	> 100.00%
Required asset maintenance	6,113				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	8,212	1.36%	1.42%	2.22%	
Gross replacement cost	602,869				

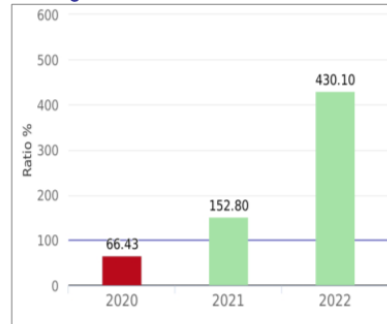
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

## Edward 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 430.10%

Council continues to improve on its buildings & infrastructure ratio.

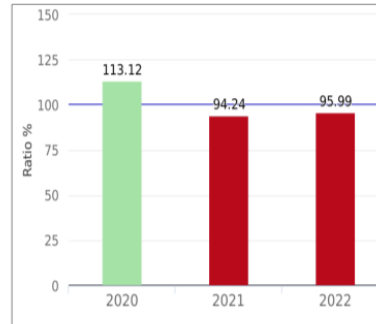
Benchmark: — > 100.00%

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 95.99%

Maintenance expenditure was down on the budgeted amount due to a targeted capital renewal program.

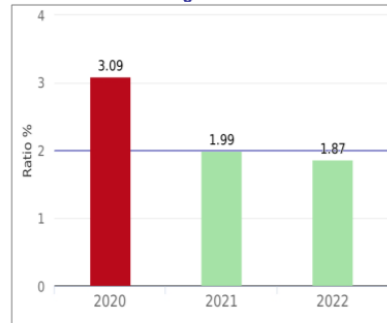
Benchmark: — > 100.00%

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 1.87%

Council's infrastructure backlog ratio has improved due to Council's continued focus on asset renewal.

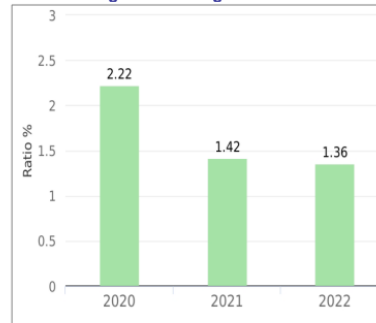
Benchmark: — < 2.00%

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 1.36%

Council continues to invest to achieve the agreed service levels.

Edward River Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Edward River Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	411.47%	170.75%	0.00%	0.00%	0.00%	0.00%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.84%	1.96%	2.06%	2.20%	2.01%	2.00%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	95.77%	95.86%	98.12%	90.39%	94.61%	90.30%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.42%	1.49%	1.19%	1.25%	1.09%	1.09%	

(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.



Cr Peta Betts  
Mayor  
[Company]  
PO Box 270  
DENILIKUIN NSW 2710

Contact: Hong Wee Soh  
Phone no: 02 9275 7397  
Our ref: D2102610/1721

XX November 2022

Dear Mayor

## **Report on the Conduct of the Audit for the year ended 30 June 2022**

[Company]

I have audited the general purpose financial statements (GPFS) of the [Company] (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a modified 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.

## **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issue and observations during my audit of the Council's financial statements.

### **Modification to the opinion in the Independent Auditor's Report**

#### **Non-recognition of rural fire-fighting equipment**

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 8 October 2012.
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire

or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.





Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2022 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2022 GPFS to be modified.

Refer to the Independent Auditor's report on the GPFS.

## INCOME STATEMENT

### Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	13.7	13.2	 3.8
Grants and contributions revenue	20.0	13.1	 52.7
Operating result from continuing operations	17.5	4.9	 >100
Net operating result before capital grants and contributions	8.7	1.6	 >100

Rates and annual charges revenue (\$13.7 million) increased by \$0.5 million (3.8 per cent) in 2021–22 with the main increase due to the IPART rate peg of 2.0 per cent.

Grants and contributions revenue (\$20.0 million) increased by \$6.9 million (52.7 per cent) in 2021–22 due to:

- increase in Financial Assistance Grant of \$2.0 million (from \$5.8 million in 2020-21, to \$7.8 million in 2021-22).
- increase in special purpose grants of \$5.0 million for Transport works, recreation and culture, and economic development.

The Council's operating result from continuing operations (\$17.5 million including depreciation and amortisation expense of \$9.9 million) was \$12.6 million higher than the 2020–21 result due to:

- increase in grants and contributions revenue by \$6.9 million
- increase in reversal of revaluation decrements of IPP&E previously expensed by \$5.1 million

- increase in rates and annual charges revenue by \$0.5 million
- increase in user charges and fess revenue by \$0.5 million

The net operating result before capital grants and contributions (\$8.7 million) was \$7.1 million higher than the 2020–21 result due to:

- increase in operating grants received by \$2.4 million, driven by the additional advance payment of the Financial Assistance Grant received in 2021-22
- increase in reversal of revaluation decrements of IPP&E previously expensed by \$4.5 million
- increase in rates and annual charges revenue by \$0.5 million
- increase in user charges and fess revenue by \$0.5 million

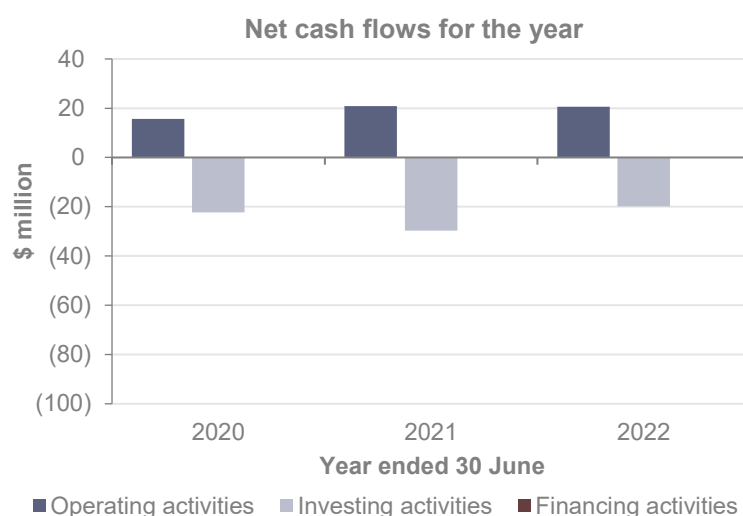
## STATEMENT OF CASH FLOWS

Council's cash and cash equivalents was \$4.8 million at 30 June 2022 (\$4.0 million at 30 June 2021). There was a net increase in cash and cash equivalents of \$0.8 million during 2021-22 financial year.

Net cash provided by operating activities remained consistent year on year.

Net cash used in investing activities has decreased by \$9.8 million. The decrease is mainly due to lower acquisition of term deposits by \$10.8 million.

There were no cash flows from financing activities for the current year and prior year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>47.3</b>	<b>46.8</b>	<ul style="list-style-type: none"> <li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. The externally restricted funds as at 30 June 2022 has decreased due to decrease in specific purpose unexpended grants – general fund by \$1.2 million and decrease in other unexpended merger fund by \$0.8 million.</li> </ul>
Restricted and allocated cash, cash equivalents and investments:			
<ul style="list-style-type: none"> <li>External restrictions</li> </ul>	19.3	21.8	<ul style="list-style-type: none"> <li>Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The internally restricted funds as at 30 June 2022 has decreased due to decrease in infrastructure replacement by \$0.3 million and decrease in seniors living precinct by \$0.2 million.</li> </ul>
<ul style="list-style-type: none"> <li>Internal allocations</li> </ul>	7.9	8.6	
<ul style="list-style-type: none"> <li>Unrestricted</li> </ul>	20.1	16.4	<ul style="list-style-type: none"> <li>Unrestricted cash and investments was \$20.1 million, which is available to provide liquidity for day-to-day operations of the Council.</li> </ul>

## PERFORMANCE

### Performance measures

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

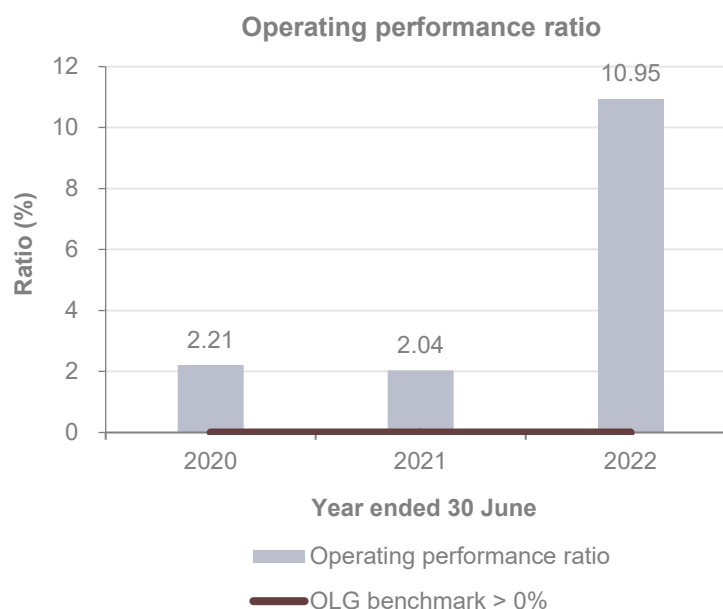
#### Operating performance ratio

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

The 2021 ratio was restated to correct a prior period error as a result of an unrecognised 355 Committee.

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

The operating performance ratio increased to 10.95 per cent due to the increase in operating grants and rates and annual charges revenue.

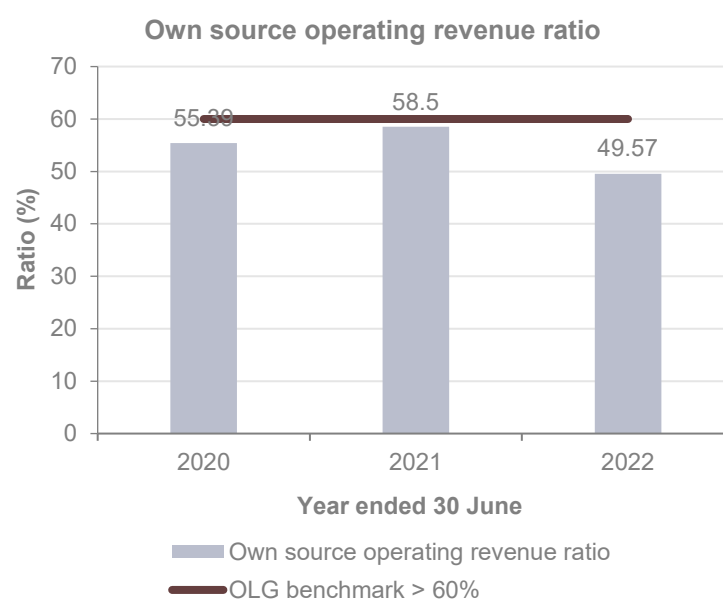


#### Own source operating revenue ratio

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

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

The own source operating revenue ratio has decreased in 2022, due to the overall increase in grants and contributions revenue in 2021-22. Council relies heavily on operating and capital grants from Commonwealth and State Government as source of revenue to fund services to its community.

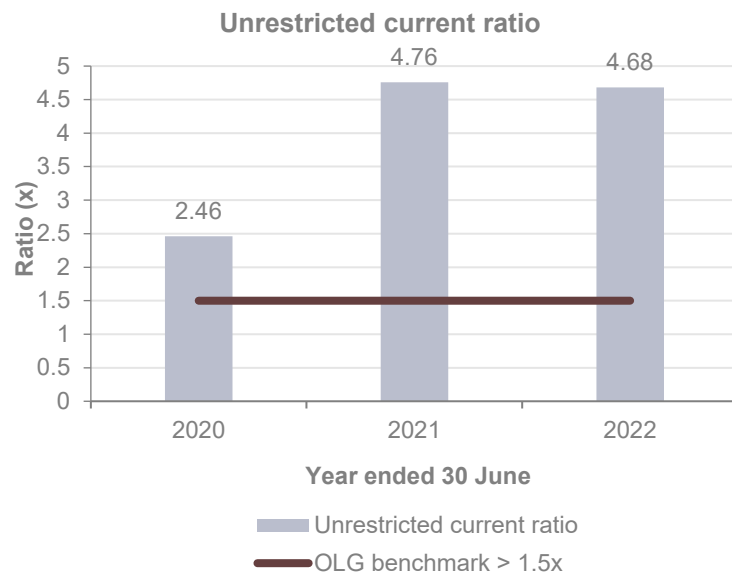


### Unrestricted current ratio

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

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

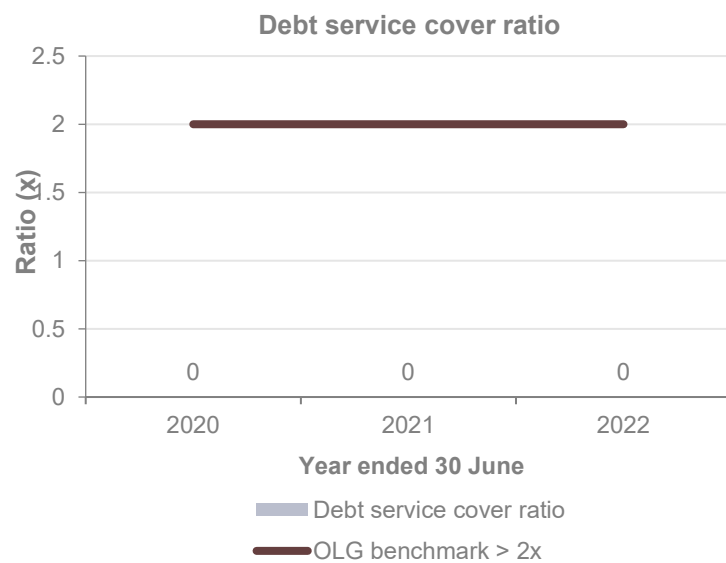
Council's unrestricted current ratio of 4.68 per cent is relatively consistent with the prior year (4.76 per cent).



### Debt service cover ratio

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

Council fully repaid its borrowings during the 2019-20 year.

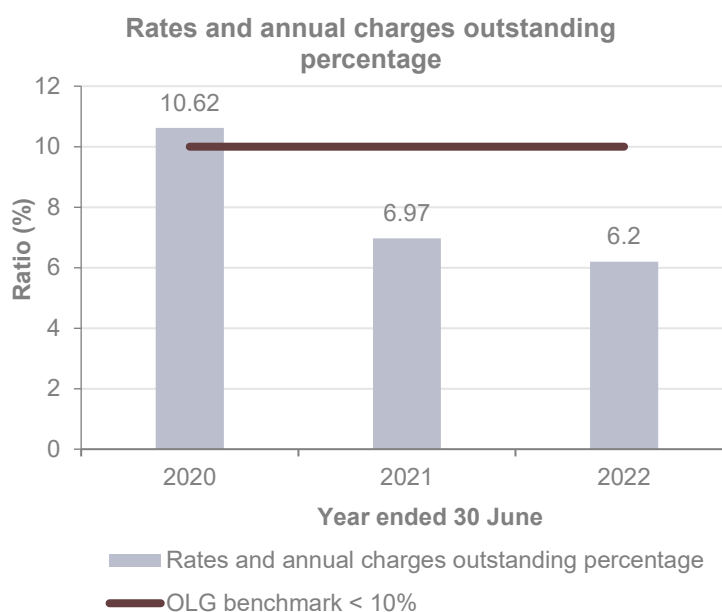


### Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

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

The rates and annual charges outstanding percentage has decreased for Council as the interest and extra charges receivables have decreased this year.



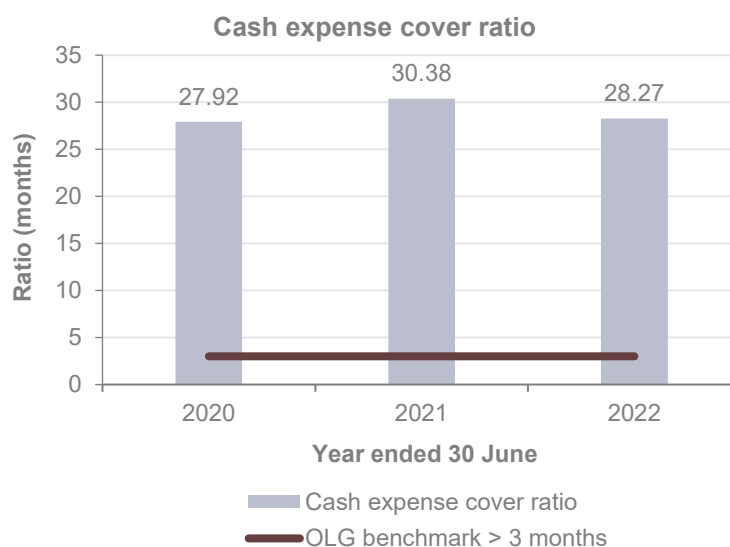
### Cash expense cover ratio

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

The 2021 ratio was restated to correct a prior period error as a result of an unrecognised 355 Committee.

The Council exceeded the OLG benchmark for the current reporting period. This indicates that Council had the capacity to cover 28.29 months of operating cash expenditure without additional cash inflows at 30 June 2022.

The cash expense cover ratio has increased due to increase in cash and cash equivalent by \$0.8 million.



### Infrastructure, property, plant and equipment renewals

The Council renewed \$12.9 million of assets in the 2021-22 financial year, compared to \$14.4 million of assets in the 2020-21 financial year. This decline is largely due to decrease in renewals of Capital WIP, water supply and sewerage network.

## **OTHER MATTERS**

My audit procedures identified a material deficiency in the Council's financial statements that will be reported in the Management Letter. Rural fire-fighting equipment was not recognised in the financial statements.

Except for the matter outlined above, 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.

Hong Wee Soh

Delegate of the Auditor-General for New South Wales

cc: Mr Philip Stone, General Manager  
Mr Peter Rae, Chair of Audit, Risk and Improvement Committee  
Michael Cassel, Secretary of the Department of Planning, Industry and Environment

### **Attachment 4 - ERC - Report on the Conduct of the Audit 2022**



## **11. NOTICES OF MOTIONS**

## **12. QUESTIONS WITH NOTICE**

## **13. CONFIDENTIAL MATTERS**

### **13.1. CODE OF CONDUCT REPORT - COMPLAINT AND INVESTIGATION**

Author: Senior Governance Officer

Authoriser: Director Corporate Services

#### **RECOMMENDATION**

That Councillors review the Confidential Report which will be received under separate cover.

#### **LEGISLATIVE IMPLICATIONS**

*Local Government Act and Local Government (General) Regulations.*

#### **ATTACHMENTS**

Sent under separate cover

**14. CLOSE OF MEETING**