

# Murray River Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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# Murray River Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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# Murray River Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Overview

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

52 Perricoota Road  
Moama NSW 2731

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

# Murray River Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

# Murray River Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Statement by Councillors and Management

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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)

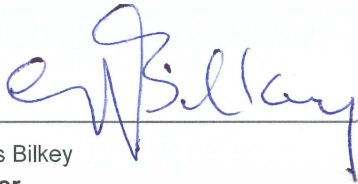
**The attached General Purpose Financial Statements have been prepared in accordance with:**

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made there under,
- 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 23 November 2021.**



Chris Bilkey

**Mayor**

16 December 2021



Nikki Cohen

**Councillor**

16 December 2021



Terry Dodds

**CEO and Responsible Accounting Officer**

16 December 2021

## Murray River Council

### Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Income from continuing operations</b>				
17,894	Rates and annual charges	B2-1	17,969	17,088
6,367	User charges and fees	B2-2	8,815	6,440
979	Other revenue	B2-3	905	695
16,819	Grants and contributions provided for operating purposes	B2-4	17,912	17,234
8,206	Grants and contributions provided for capital purposes	B2-4	19,281	20,956
950	Interest and investment income	B2-5	573	1,338
352	Other income	B2-6	605	464
–	Net share of interests in joint ventures and associates using the equity method	D2-1	24	–
<b>51,567</b>	<b>Total income from continuing operations</b>		<b>66,084</b>	<b>64,215</b>
<b>Expenses from continuing operations</b>				
17,460	Employee benefits and on-costs	B3-1	17,262	16,199
11,403	Materials and services	B3-2	16,336	14,729
199	Borrowing costs	B3-3	133	86
16,749	Depreciation, amortisation and impairment for non-financial assets	B3-4	19,841	17,064
1,108	Other expenses	B3-5	1,128	1,355
–	Net losses from the disposal of assets	B4-1	3,236	5,898
<b>46,919</b>	<b>Total expenses from continuing operations</b>		<b>57,936</b>	<b>55,331</b>
<b>4,648</b>	<b>Operating result from continuing operations</b>		<b>8,148</b>	<b>8,884</b>
<b>4,648</b>	<b>Net operating result for the year attributable to Council</b>		<b>8,148</b>	<b>8,884</b>
<b>(3,558)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(11,133)</b>	<b>(12,072)</b>

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

## Murray River Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>8,148</b>	<b>8,884</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	<b>35,281</b>	767
Other comprehensive income – joint ventures and associates	D2-2	<b>(73)</b>	–
Other movements Revaluation Intangible Assets	C1-7	<b>29</b>	107
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>35,237</b>	874
<b>Total other comprehensive income for the year</b>		<b>35,237</b>	874
<b>Total comprehensive income for the year attributable to Council</b>		<b>43,385</b>	<b>9,758</b>

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

## Murray River Council

### Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	1,907	6,334
Investments	C1-2	50,760	44,513
Receivables	C1-4	8,715	9,833
Inventories	C1-5	689	1,557
Other		63	223
<b>Total current assets</b>		<b>62,134</b>	62,460
<b>Non-current assets</b>			
Investments	C1-2	2	2
Receivables	C1-4	1,345	1,195
Inventories	C1-5	1,055	1,464
Infrastructure, property, plant and equipment	C1-6	832,113	784,750
Intangible Assets	C1-7	1,800	1,771
Investments accounted for using the equity method	D2-2	-	49
<b>Total non-current assets</b>		<b>836,315</b>	789,231
<b>Total assets</b>		<b>898,449</b>	851,691
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	5,897	6,348
Contract liabilities	C3-2	4,434	2,994
Lease liabilities	C2-1	192	-
Borrowings	C3-3	582	548
Employee benefit provisions	C3-4	3,940	4,223
<b>Total current liabilities</b>		<b>15,045</b>	14,113
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	725	-
Borrowings	C3-3	3,251	3,142
Employee benefit provisions	C3-4	412	338
Provisions	C3-5	2,712	1,179
<b>Total non-current liabilities</b>		<b>7,100</b>	4,659
<b>Total liabilities</b>		<b>22,145</b>	18,772
<b>Net assets</b>		<b>876,304</b>	832,919
<b>EQUITY</b>			
Accumulated surplus		732,931	724,856
IPPE revaluation reserve	C4-1	143,373	108,063
<b>Council equity interest</b>		<b>876,304</b>	832,919
<b>Total equity</b>		<b>876,304</b>	832,919

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



## Murray River Council

### Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		724,856	108,063	832,919	727,038	107,189	834,227
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(11,066)	–	(11,066)
<b>Restated opening balance</b>		<b>724,856</b>	<b>108,063</b>	<b>832,919</b>	<b>715,972</b>	<b>107,189</b>	<b>823,161</b>
Net operating result for the year		8,148	–	8,148	8,884	–	8,884
<b>Restated net operating result for the period</b>		<b>8,148</b>	<b>–</b>	<b>8,148</b>	<b>8,884</b>	<b>–</b>	<b>8,884</b>
<b>Other comprehensive income</b>							
– Gain/(loss) on revaluation of IPP&E	C1-6	–	35,281	35,281	–	767	767
– Joint ventures and associates		(73)	–	(73)	–	–	–
– Other movements (Revaluation Intangible Assets)		–	29	29	–	107	107
<b>Other comprehensive income</b>		<b>(73)</b>	<b>35,310</b>	<b>35,237</b>	<b>–</b>	<b>874</b>	<b>874</b>
<b>Total comprehensive income</b>		<b>8,075</b>	<b>35,310</b>	<b>43,385</b>	<b>8,884</b>	<b>874</b>	<b>9,758</b>
<b>Closing balance at 30 June</b>		<b>732,931</b>	<b>143,373</b>	<b>876,304</b>	<b>724,856</b>	<b>108,063</b>	<b>832,919</b>

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

## Murray River Council

### Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
18,726	Rates and annual charges		18,111	16,665
6,858	User charges and fees		9,115	6,778
389	Investment and interest revenue received		646	1,821
29,898	Grants and contributions		36,317	25,192
–	Bonds, deposits and retention amounts received		–	481
1,069	Other		4,515	6,034
<i>Payments:</i>				
(17,101)	Employee benefits and on-costs		(17,524)	(16,242)
(14,284)	Materials and services		(19,168)	(15,680)
(112)	Borrowing costs		(109)	(67)
–	Bonds, deposits and retention amounts refunded		(302)	–
(1,108)	Other		(1,128)	(5,456)
24,335	<b>Net cash flows from operating activities</b>	G1-1a	<b>30,473</b>	<b>19,526</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investment securities		37,350	50,986
–	Sale of real estate assets		1,691	1,021
1,040	Sale of infrastructure, property, plant and equipment		1,285	691
<i>Payments:</i>				
–	Purchase of investment securities		(43,597)	(34,517)
(34,732)	Purchase of infrastructure, property, plant and equipment		(31,146)	(34,743)
–	Purchase of real estate assets		(218)	–
–	Deferred debtors and advances made		(386)	(247)
(33,692)	<b>Net cash flows from investing activities</b>		<b>(35,021)</b>	<b>(16,809)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
800	Proceeds from borrowings		725	2,700
<i>Payments:</i>				
(655)	Repayment of borrowings		(604)	(705)
145	<b>Net cash flows from financing activities</b>		<b>121</b>	<b>1,995</b>
(9,212)	<b>Net change in cash and cash equivalents</b>		<b>(4,427)</b>	<b>4,712</b>
8,410	Cash and cash equivalents at beginning of year		6,334	1,622
(802)	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>1,907</b>	<b>6,334</b>
38,988	plus: Investments on hand at end of year	C1-2	50,762	44,515
38,186	<b>Total cash, cash equivalents and investments</b>		<b>52,669</b>	<b>50,849</b>

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

# Murray 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 16 December 2021. Council has the power to amend and reissue these financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

#### Historical cost convention

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

#### Significant accounting estimates and judgements

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

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

#### 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 and gravel pit remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

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

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

#### Impact of COVID-19 on Council Operations

The COVID-19 epidemic has continued to cause some minor impact to council operations. Some administration staff have been required to work from home, which resulted in Council incurring some above normal information technology expenditure to provide the necessary hardware to facilitate this.

Council, as at 30 June 2021, has not received many requests for rate or fee relief. With rates and leases, Council will defer payment of these amounts and not waiver them unless required to do so under a State Government requirement. For those fees that have been waived, these have been immaterial.

Council's assets are not expected to experience a decline in value due to COVID-19. Whilst some assets have been closed for public use over time, they are assets that generate little or no revenue streams. Most assets are valued at replacement cost and there is no impairment as a result of COVID-19. For those assets carried at market value, there is no way of determining the impact of COVID-19 on market values as at 30 June 2021 due to the sudden onset of the epidemic. It is also anticipated that this under utilisation of certain assets will not continue into the long term.

Outstanding rates overall is slightly higher than previous years due to COVID-19, but this is expected given the circumstances.

## A1-1 Basis of preparation (continued)

Overall, Council's operations have had minimal disruption to 30 June 2021.

### Monies and other assets received by Council

#### The Consolidated Fund

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

This Consolidated Fund has been included in the financial statements of Murray River Council.

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

- General purpose operations
- Water service
- Sewerage service
- Moama Recreation Reserve S355 Management Committee
- Moama Lions Units S355 Management Committee
- Mathoura Retirement Village S355 Management Committee.

All other operations of S355 Management Committees of the Council are immaterial and have not been disclosed as part of the consolidated fund.

#### 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 other assets 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.

The following Trust monies and other assets properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- Payments received from unknown entities
- Land Sale and Acquisition funds required to be paid into Trust

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

### 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 a material dependence on volunteer services. Volunteers are mainly engaged via Section 355 committees. These services are not recognised as they are considered non-material in value.

## A1-1 Basis of preparation (continued)

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

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

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

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

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 1059 Service Concession Arrangements: Grantors

AASB 2018–5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059

This standard provides guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators.

AASB 1059 requires grantors to recognise a service concession asset and, in most cases, a corresponding liability on the balance sheet.

A control approach is used to assess the service concession arrangements in place.

On initial recognition the asset is measured at current replacement cost based on AASB 13 Fair Value Measurement and existing assets of the grantors are reclassified at the date of transition.

After initial recognition, the grantor accounts for the assets under either AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets.

The nature of the consideration given to the operator will affect whether the grantor applies either the 'financial liability' or the 'grant of right' model for the recognition of the liability.

AASB 2019-2 makes amendments to the recognition and measurement of the asset and liability where the modified retrospective approach to transition is being used and provides a practical expedient due to the different effective dates of AASB 16 and AASB 1059.

Council does not expect any material impact to future financial statements as we do not generally enter into service concession arrangements.

This standard has an effective date for the 30 June 2021 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 2021.

None of these standards had an impact on the reported financial position or performance of Council.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions or activities</b>										
Governance	–	–	1,262	988	(1,262)	(988)	–	–	–	98
Administration	2,475	1,763	6,242	6,114	(3,767)	(4,351)	211	771	51,694	51,337
Public order and safety	534	632	2,044	1,024	(1,510)	(392)	501	604	2,601	3,091
Health	53	4	96	67	(43)	(63)	–	–	1,011	1,333
Environment	5,668	3,697	5,598	4,038	70	(341)	2,788	154	54,774	52,719
Community Services and Education	2,392	1,101	1,905	1,383	487	(282)	1,930	955	10,677	10,627
Housing and Community amenities	658	961	2,132	2,570	(1,474)	(1,609)	101	54	6,252	7,187
Water supplies	6,704	5,938	4,783	4,304	1,921	1,634	1,509	970	58,517	55,981
Sewerage services	4,153	3,588	2,659	2,703	1,494	885	885	586	52,969	51,407
Recreation and culture	4,778	11,183	5,654	4,402	(876)	6,781	4,356	11,247	48,999	38,882
Mining, manufacturing and construction	669	478	1,450	1,081	(781)	(603)	–	–	2,408	361
Transport and communication	15,249	12,522	21,801	23,559	(6,552)	(11,037)	14,541	13,653	599,309	566,791
Economic affairs	3,020	2,553	2,310	3,081	710	(528)	1,859	533	9,238	11,471
Share of gains / (losses) in association and joint ventures	24	–	–	17	24	(17)	–	–	–	406
General purpose income	19,707	19,795	–	–	19,707	19,795	8,512	8,663	–	–
<b>Total functions and activities</b>	<b>66,084</b>	<b>64,215</b>	<b>57,936</b>	<b>55,331</b>	<b>8,148</b>	<b>8,884</b>	<b>37,193</b>	<b>38,190</b>	<b>898,449</b>	<b>851,691</b>



## B1-2 Components of functions or activities

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

### Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA), and legislative compliance.

### Administration

Includes corporate support and other support services, engineering works, and any Council policy compliance.

### Public order and safety

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

### Health

Includes immunisation, food control, health centres etc.

### Environment

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

### Community Services and Education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

### Housing and Community amenities

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

### Water supplies

Includes the provision and distribution of water to the towns within the boundary of the Council.

### Sewerage services

Treatment of wastewater to the towns within the boundaries of the Council.

### Recreation and culture

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

### Mining, manufacturing and construction

Includes building control, quarries and pits, mineral resources, and abattoirs.

### Transport and communication

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

### Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; real estate development and other business undertakings.

## B1-2 Components of functions or activities (continued)

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### **Share of gains / (losses) in association and joint ventures**

Includes Central Murray Regional Library.

### **General purpose income**

Includes rates and annual charges; non capital general purpose grants; interest on investments and interest on overdue rates and charges.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	4,779	3,912
Farmland	5,306	5,641
Business	851	890
Less: pensioner rebates (mandatory)	(196)	(185)
Less: pensioner rebates (Council policy)	–	(6)
<b>Rates levied to ratepayers</b>	<b>10,740</b>	<b>10,252</b>
Pensioner rate subsidies received	107	101
<b>Total ordinary rates</b>	<b>10,847</b>	<b>10,353</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	1,558	1,472
Stormwater management services	123	121
Water supply services	2,804	2,650
Sewerage services	2,620	2,481
Waste management services (non-domestic)	130	115
Less: pensioner rebates (mandatory)	(251)	(244)
<b>Annual charges levied</b>	<b>6,984</b>	<b>6,595</b>
Pensioner subsidies received:		
– Water	48	49
– Sewerage	46	46
– Domestic waste management	44	45
<b>Total annual charges</b>	<b>7,122</b>	<b>6,735</b>
<b>Total rates and annual charges</b>	<b>17,969</b>	<b>17,088</b>

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

#### Accounting policy

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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

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

## B2-2 User charges and fees

\$ '000	Timing	2021	2020
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	503	130
Water supply services	2	1,762	1,831
Sewerage services	2	332	224
Waste management services (non-domestic)	2	1,000	579
Other	2	37	19
<b>Total specific user charges</b>		<b>3,634</b>	<b>2,783</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Building regulation	2	544	394
Inspection services	2	20	18
Sub-division fees	2	282	82
Private works – section 67	2	251	714
Section 10.7 certificates (EP&A Act)	2	51	36
Section 603 certificates	2	61	40
Tapping fees	2	30	8
Town planning	2	404	345
Other	2	8	3
Health control	2	2	4
Animal control	2	26	6
<b>Total fees and charges – statutory/regulatory</b>		<b>1,679</b>	<b>1,650</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aged care	2	320	370
Caravan park	2	99	101
Cemeteries	2	94	120
Child care	2	5	3
Gravel pits	2	99	53
Leaseback fees – Council vehicles	2	141	92
Park rents	2	1	1
Transport for NSW works (state roads not controlled by Council)	2	2,696	1,183
Swimming centres	2	9	9
Public halls	2	3	2
Recreational grounds / swimming pools / libraries	2	–	40
Special meter reading	2	25	17
Other	2	10	16
<b>Total fees and charges – other</b>		<b>3,502</b>	<b>2,007</b>
<b>Total user charges and fees</b>		<b>8,815</b>	<b>6,440</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)		8,815	6,440
<b>Total user charges and fees</b>		<b>8,815</b>	<b>6,440</b>

### Accounting policy

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

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

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership. Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

## B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines	2	3	12
Legal fees recovery – rates and charges (extra charges)	2	58	15
Commissions and agency fees	2	280	273
Recycling income (non-domestic)	2	24	27
Insurance claims / rebates	2	159	179
Water – meter rents / sundry income	2	77	38
Other	2	93	101
Aboriginal communities program	2	211	50
<b>Total other revenue</b>		<b>905</b>	<b>695</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)		695
<b>Total other revenue</b>		<b>695</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	1,942	2,692	–	–
Financial assistance – local roads component	2	2,104	1,513	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	2,900	2,851	–	–
Financial assistance – local roads component	2	1,433	1,607	–	–
<b>Amount recognised as income during current year</b>		<b>8,379</b>	<b>8,663</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
<b>Pensioners' rates subsidies:</b>					
Aged care	2	853	933	168	–
Bushfire and emergency services	2	507	354	–	250
Community care	2	–	–	725	–
Economic development	2	578	–	1,739	217
Heritage and cultural	2	11	12	–	–
Library	2	–	–	218	–
Library – per capita	2	73	88	–	–
LIRS subsidy	2	(24)	82	–	–
Noxious weeds	2	124	121	–	–
Recreation and culture	2	122	–	1,493	385
Planning	2	–	–	36	–
Energy fuel rebate scheme	2	164	145	–	–
Waste management	2	219	53	49	–
River access	2	–	–	53	425
Street lighting	2	59	54	–	–
Youth services	2	19	18	–	–
Stronger communities fund	1	–	–	2,009	11,150
Transport (roads to recovery)	2	3,220	2,862	–	–
Transport (other roads and bridges funding)	2	232	352	2,382	255
Other specific grants	2	26	31	–	–
<b>Previously contributions:</b>					
Recreation and culture	2	–	–	20	20
Roads and bridges	2	24	21	2,113	2,287
Transport for NSW contributions (Block grant Regional, Urban and Rural roads)	2	3,258	3,274	1,452	1,630
Tourism	2	–	3	–	–
Water supplies (excl. section 64 contributions)	2	–	–	466	423
Other contributions	2	–	56	23	–
Staff	2	27	47	–	–
S355 committees	2	–	–	–	5
Bike paths / pedestrian access	2	–	–	362	81
Drummuster	2	2	7	–	–
Waste management	2	37	34	–	–
Donations	2	2	24	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>9,533</b>	<b>8,571</b>	<b>13,308</b>	<b>17,128</b>
<b>Non-cash contributions</b>					
Other		–	–	27	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>27</b>	<b>–</b>

continued on next page ...

## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>9,533</b>	8,571	<b>13,335</b>	17,128
<b>Total grants and non-developer contributions</b>		<b>17,912</b>	17,234	<b>13,335</b>	17,128
<b>Comprising:</b>					
– Commonwealth funding		8,845	11,695	5,625	285
– State funding		8,936	2,019	5,826	12,297
– Other funding		131	3,520	1,884	4,546
		<b>17,912</b>	17,234	<b>13,335</b>	17,128

### Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G4					
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	440	430
S 7.12 – fixed development consent levies		2	–	–	47	54
S 64 – water supply contributions		2	–	–	591	445
S 64 – sewerage service contributions		2	–	–	361	250
Other developer contributions		2	–	–	–	8
<b>Total developer contributions – cash</b>			<b>–</b>	–	<b>1,439</b>	1,187
<b>Non-cash contributions</b>						
Other developer/other contributions		2	–	–	4,507	2,641
<b>Total developer contributions non-cash</b>			<b>–</b>	–	<b>4,507</b>	2,641
<b>Total developer contributions</b>			<b>–</b>	–	<b>5,946</b>	3,828
<b>Total contributions</b>			<b>–</b>	–	<b>5,946</b>	3,828
<b>Total grants and contributions</b>			<b>17,912</b>	17,234	<b>19,281</b>	20,956
<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)			17,912	17,234	19,281	20,956
<b>Total grants and contributions</b>			<b>17,912</b>	17,234	<b>19,281</b>	20,956

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	2,113	2,684	2,827	10,904
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	-	-
<b>Add:</b> Funds received and not recognised as revenue in the current year	330	352	3,423	1,190
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	-	-	-	-
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(1,829)	(923)	(1,925)	(9,267)
<b>Unspent funds at 30 June</b>	<b>614</b>	<b>2,113</b>	<b>4,325</b>	<b>2,827</b>
<b>Contributions</b>				
Unspent funds at 1 July	-	-	3,200	2,240
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	874	996
<b>Add:</b> contributions received and not recognised as revenue in the current year	-	-	-	-
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	-	-	-	-
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(629)	(36)
<b>Unspent contributions at 30 June</b>	<b>-</b>	<b>-</b>	<b>3,445</b>	<b>3,200</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 milestones within AASB 15 grants. 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



## B2-4 Grants and contributions (continued)

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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.

### **Other grants and contributions**

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

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

## B2-5 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	62	129
– Cash and investments	433	1,085
– Deferred debtors	78	109
Dividend income (other)	–	15
<b>Total interest and investment income (losses)</b>	<b>573</b>	<b>1,338</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	41	74
General Council cash and investments	327	815
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	12	31
– Section 64	6	16
Water fund operations	82	188
Sewerage fund operations	105	214
<b>Total interest and investment income</b>	<b>573</b>	<b>1,338</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2021	2020
<b>Rental income</b>			
<b>Other lease income</b>			
Caravan parks		250	192
Room/Facility Hire		144	75
Other (vacant land, council owned staff housing, retirement units)		211	95
<b>Total Other lease income</b>		<b>605</b>	<b>464</b>
<b>Total rental income</b>	C2-2	<b>605</b>	<b>464</b>
<b>Total other income</b>		<b>605</b>	<b>464</b>

## B3 Costs of providing services

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

\$ '000	2021	2020
Salaries and wages	14,063	13,031
Employee termination costs	400	202
Employee leave entitlements (ELE)	1,933	2,349
Superannuation	1,416	1,181
Superannuation – defined benefit plans	188	299
Workers' compensation insurance	1,055	988
Fringe benefit tax (FBT)	179	198
Payroll tax	79	38
Protective clothing	47	30
Other	5	–
<b>Total employee costs</b>	<b>19,365</b>	<b>18,316</b>
Less: capitalised costs	(2,103)	(2,117)
<b>Total employee costs expensed</b>	<b>17,262</b>	<b>16,199</b>
Number of 'full-time equivalent' employees (FTE) at year end	202	193
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	216	203

#### 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

\$ '000	Notes	2021	2020
Raw materials and consumables		1,826	1,497
Contractor and consultancy costs		1,890	2,093
– Planning Consultants		261	227
– Waste Management Consultants		5	69
– Waste, Transfer Station & Recycling Collections Contractors		2,448	1,431
– IT Software Licences		483	354
– IT Cloud Contract and Managed Services		933	1,116
– Road & Bridges Contractors		960	389
– State Road Contractors		697	677
– Water Supply Contractors		440	277
– Wastewater Contractors		322	364
– Aged & Community Service Contractors		19	21
– Building Service & Maintenance Contractors		613	444
– Plant Fleet Contractors		145	179
– Swimming Pool Contractors		149	195
– Floodplain Management Contractors		6	49
– Asset Management Contractors		403	347
– Organisational Service Consultants		284	636
– Stronger Communities Service Contractors		6	481
Audit Fees	F2-1	110	182
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	263	203
Advertising		329	191
Bank charges		57	52
Electricity and heating		881	811
Fire control expenses		17	19
Insurance		954	723
Postage/freight		90	88
Printing and stationery		68	95
Street lighting		205	211
Subscriptions and publications		254	144
Telephone and communications		335	482
Valuation fees		69	61
Fire and emergency services levy (FESL) implementation costs		36	33
Travel expenses		37	54
Training costs (other than salaries and wages)		202	135
Other expenses		16	–
Vehicle registrations		155	139
Other		8	66
<b>Legal expenses:</b>			
– Legal expenses: planning and development		24	7
– Legal expenses: debt recovery		17	11
– Legal expenses: other		43	23
<b>Leases expense:</b>			
Expenses from short-term leases		237	151
Other		39	2
<b>Total materials and services</b>		<b>16,336</b>	<b>14,729</b>
<b>Total materials and services</b>		<b>16,336</b>	<b>14,729</b>

### Accounting policy

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

### B3-3 Borrowing costs

\$ '000	Notes	2021	2020
<b>(i) Interest bearing liability costs</b>			
Interest on leases		–	–
Interest on loans		<b>109</b>	67
<b>Total interest bearing liability costs</b>		<b>109</b>	67
<b>Total interest bearing liability costs expensed</b>		<b>109</b>	67
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	<b>2</b>	6
Interest applicable on interest free (and favourable) loans to Council		<b>22</b>	13
<b>Total other borrowing costs</b>		<b>24</b>	19
<b>Total borrowing costs expensed</b>		<b>133</b>	86

#### Accounting policy

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

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

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		1,425	1,420
Office equipment		293	248
Furniture and fittings		39	50
Land improvements (depreciable)		119	126
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		376	338
– Buildings – specialised		1,292	1,194
– Other structures		746	498
– Roads		8,712	8,703
– Bridges		1,282	1,284
– Footpaths		180	373
– Stormwater drainage		622	576
– Water supply network		1,166	1,180
– Sewerage network		965	952
– Swimming pools		–	6
Right of use assets	C2-1	–	–
<b>Other assets:</b>			
– Heritage collections		14	12
– Library books		1	1
– Other		66	63
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-6	26	28
– Quarry assets	C3-5,C1-6	10	12
<b>Total gross depreciation and amortisation costs</b>		<b>17,334</b>	<b>17,064</b>
<b>Total depreciation and amortisation costs</b>		<b>17,334</b>	<b>17,064</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-6		
– Footpaths		2,507	–
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>2,507</b>	<b>–</b>
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>2,507</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>19,841</b>	<b>17,064</b>

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

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### 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 and Note C1-7 for intangible assets.

Depreciation is capitalised where in-house assets have contributed to new 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 not tested for impairment since 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 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 non-financial 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).

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

## B3-5 Other expenses

\$ '000	Notes	2021	2020
<b>Impairment of receivables</b>			
User charges and fees		30	–
<b>Total impairment of receivables</b>	C1-4	<b>30</b>	<b>–</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures		–	17
<b>Total net share of interests in joint ventures and associates using the equity method</b>	D2-2	<b>–</b>	<b>17</b>
<b>Other</b>			
Contributions/levies to other levels of government			
Contributions/levies to other levels of government		41	3
– Emergency services levy (includes FRNSW, SES, and RFS levies)		23	19
– NSW rural fire service levy		651	456
Donations, contributions and assistance to other organisations (Section 356)		383	377
– stronger communities fund grants		–	483
<b>Total other</b>		<b>1,098</b>	<b>1,338</b>
<b>Total other expenses</b>		<b>1,128</b>	<b>1,355</b>

### Accounting policy

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

Impairment expenses are recognised when identified.



## B4 Gains or losses

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

\$ '000	Notes	2021	2020
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		933	–
Less: carrying amount of property assets sold/written off		(769)	–
<b>Gain (or loss) on disposal</b>		<b>164</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-6		
Proceeds from disposal – plant and equipment		352	691
Less: carrying amount of plant and equipment assets sold/written off		(416)	(534)
<b>Gain (or loss) on disposal</b>		<b>(64)</b>	<b>157</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(3,462)	(6,924)
<b>Gain (or loss) on disposal</b>		<b>(3,462)</b>	<b>(6,924)</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Proceeds from disposal – real estate assets		1,691	1,021
Less: carrying amount of real estate assets sold/written off		(1,565)	(938)
<b>Gain (or loss) on disposal</b>		<b>126</b>	<b>83</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		37,350	50,986
Less: carrying amount of investments sold/redeemed/matured		(37,350)	(50,200)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>786</b>
<b>Gain (or loss) on disposal of term deposits</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		–	–
Less: carrying amount of term deposits sold/redeemed/matured		–	–
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>(3,236)</b>	<b>(5,898)</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 30/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	17,894	17,969	75	0% <b>F</b>
<b>User charges and fees</b>	6,367	8,815	2,448	38% <b>F</b>
Overall better than budgeted performance in areas of development application fees \$150k, RMS state works increased by \$1,500k and increase in landfill gate takings of \$852k.				
<b>Other revenues</b>	979	905	(74)	(8)% <b>U</b>
<b>Operating grants and contributions</b>	16,819	17,912	1,093	6% <b>F</b>
<b>Capital grants and contributions</b>	8,206	19,281	11,075	135% <b>F</b>
Council was successful in receiving grants during the 2020/21 financial year that were not part of the original budget. Examples include the Local Roads & Community Infrastructure \$2,533k, Fixing Country Roads \$1,707k, Fixing Country Bridges \$1,425k and Gifted Assets by developers (non-cash) \$4,607k.				
<b>Interest and investment revenue</b>	950	573	(377)	(40)% <b>U</b>
Council's original budget was set utilising a higher than expected average interest rate. Also, reductions in the RBA cash rate resulted in Council receiving a lower interest rate on new and renewal term deposits.				
Council also saw repayment of some deferred debtors balances in full, which resulted in reduced interest revenue been received for the financial year.				
<b>Other income</b>	352	605	253	72% <b>F</b>
Better than expected result in relation to lease revenue. Lease revenue from sources like caravan parks, council facilities and staff housing was originally budgeted conservatively on the low side due to COVID-19 impacts.				
<b>Joint ventures and associates – net profits</b>	–	24	24	∞ <b>F</b>
Joint venture income share for the Central Murray Regional Library (CMRL) - not included in original budget. The CMRL has been dissolved as at 30 June 2021.				

## B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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### EXPENSES

<b>Employee benefits and on-costs</b>	17,460	17,262	198	1%	<b>F</b>
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<b>Materials and services</b>	11,403	16,336	(4,933)	(43)%	<b>U</b>
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Overall shortfall in budget due to reversal of oncosts on capital projects. The oncost is an indirect cost and is not included in the capitalised expenditure. Original budget did not include the oncost movement.

<b>Borrowing costs</b>	199	133	66	33%	<b>F</b>
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Council was expecting to borrow for the Waste fund during the 2020/21 financial year, but this was not required in the end. Therefore, actual came in under budget expectation due to loan not proceeding, resulting in a budget saving in interest expense.

<b>Depreciation, amortisation and impairment of non-financial assets</b>	16,749	19,841	(3,092)	(18)%	<b>U</b>
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Council revalued footpaths and eathworks as part of the overall revaluation at 30 June 2021. Both of these asset classes have no revaluation reserve to offset the revaluation decrement against, so have been posted to the Income Statement. Total revaluation decrement is \$3,402K.

<b>Other expenses</b>	1,108	1,128	(20)	(2)%	<b>U</b>
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<b>Net losses from disposal of assets</b>	-	3,236	(3,236)	∞	<b>U</b>
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Council disposes of assets every financial year as part of the overall capital works renewal program. The losses generated as based on the carrying value at the time of replacement and cannot generally be sold for profit. The loss is mainly made up of accounting loss.

### STATEMENT OF CASH FLOWS

<b>Cash flows from operating activities</b>	24,335	30,473	6,138	25%	<b>F</b>
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Higher than expected capital grant funding received by Council. Council continued to receive capital grant funding during the 2020/21 financial year, which cannot be budgeted for at the time of setting the budget. Council takes opportunities to secure funding when such opportunities arise.

<b>Cash flows from investing activities</b>	(33,692)	(35,021)	(1,329)	4%	<b>U</b>
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Investments movements resulted in a higher actual result when compared to budget.

<b>Cash flows from financing activities</b>	145	121	(24)	(17)%	<b>U</b>
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Council was expecting to borrow for the Waste fund during the 2020/21 financial year, but this was not required in the end. Therefore, actual came in under budget expectation due to loan not proceeding. Council did also borrow \$725k on behalf of the retirement villages - to be utilised in construction of retirement units.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	1,907	2,834
Cash-equivalent assets		
– Short-term deposits	–	3,500
<b>Total cash and cash equivalents</b>	<b>1,907</b>	<b>6,334</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	1,907	6,334
<b>Balance as per the Statement of Cash Flows</b>	<b>1,907</b>	<b>6,334</b>

#### Accounting policy

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

## C1-2 Financial investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	50,760	–	44,513	–
<b>Total</b>	<b>50,760</b>	<b>–</b>	<b>44,513</b>	<b>–</b>
<b>Equity securities at fair value through other comprehensive income</b>				
Unlisted equity securities	–	2	–	2
<b>Total</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>2</b>
<b>Total financial investments</b>	<b>50,760</b>	<b>2</b>	<b>44,513</b>	<b>2</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>52,667</b>	<b>2</b>	<b>50,847</b>	<b>2</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 measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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.

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

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	<b>52,667</b>	<b>2</b>	<b>50,847</b>	<b>2</b>
<b>attributable to:</b>				
External restrictions	<b>30,746</b>	<b>2</b>	28,508	2
Internal restrictions	<b>20,120</b>	<b>–</b>	20,973	–
Unrestricted	<b>1,801</b>	<b>–</b>	1,366	–
	<b>52,667</b>	<b>2</b>	<b>50,847</b>	<b>2</b>

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

#### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	<b>4,434</b>	2,994
<b>External restrictions – included in liabilities</b>	<b>4,434</b>	<b>2,994</b>

#### External restrictions – other

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

Developer contributions – general	<b>2,191</b>	1,841
Developer contributions – water fund	<b>50</b>	419
Developer contributions – sewer fund	<b>1,204</b>	938
Specific purpose unexpended grants (recognised as revenue) – general fund	<b>505</b>	1,946
Water fund	<b>8,361</b>	8,378
Sewer fund	<b>11,407</b>	10,087
Special levies – land and water management	<b>135</b>	135
Crown land management	<b>93</b>	93
Unexpended Loans	<b>700</b>	–
Domestic waste management	<b>1,620</b>	1,590
Other	<b>48</b>	89
<b>External restrictions – other</b>	<b>26,314</b>	<b>25,516</b>
<b>Total external restrictions</b>	<b>30,748</b>	<b>28,510</b>

#### Internal restrictions

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

Plant and vehicle replacement	<b>1,221</b>	776
Infrastructure replacement	<b>1,981</b>	1,561
Employees leave entitlement	<b>2,168</b>	2,261
Carry over works	<b>473</b>	1,921
Staff/other housing	<b>131</b>	131
Waste management	<b>2,208</b>	3,571
Community Services	<b>316</b>	161
Prepaid financial assistance grant (fag)	<b>4,233</b>	4,457
Town improvements	<b>109</b>	218
Cemetery improvements	<b>136</b>	136
Sand/gravel pit restorations	<b>312</b>	234
Parks, halls and reserves	<b>603</b>	448
Office equipment	<b>432</b>	582
Town planning	<b>46</b>	46
Stormwater drainage	<b>84</b>	84
Recreation and culture	<b>431</b>	65
Bush fire services	<b>45</b>	45
Roads	<b>208</b>	298
Retirement village	<b>934</b>	667

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

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Levee bank	<b>359</b>	9
Insurance claims	<b>163</b>	163
Industrial development	<b>1,167</b>	1,183
Technology OneCouncil	<b>835</b>	–
Financial assistance grant	<b>78</b>	78
Election	<b>75</b>	75
Economic	<b>293</b>	336
Cemetery	<b>–</b>	136
Caravan park	<b>282</b>	443
Buildings	<b>604</b>	697
Other	<b>193</b>	191
<b>Total internal restrictions</b>	<b>20,120</b>	<b>20,973</b>
<b>Total restrictions</b>	<b>50,868</b>	<b>49,483</b>

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

## C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
Rates and annual charges	1,878	–	1,928	–
Interest and extra charges	274	–	298	–
User charges and fees	942	–	882	–
Accrued revenues				
– Interest on investments	132	–	181	–
– Other income accruals	323	–	447	–
Deferred debtors <sup>1</sup>	1,001	1,288	761	1,142
Government grants and subsidies	2,987	–	4,473	–
Loans to non-profit organisations	22	57	40	83
Net GST receivable	663	–	359	–
Other debtors	614	–	587	–
<b>Total</b>	<b>8,836</b>	<b>1,345</b>	<b>9,956</b>	<b>1,225</b>
<b>Less: provision of impairment</b>				
Rates and annual charges	(86)	–	(35)	–
Other debtors	(35)	–	(88)	(30)
<b>Total provision for impairment – receivables</b>	<b>(121)</b>	<b>–</b>	<b>(123)</b>	<b>(30)</b>
<b>Total net receivables</b>	<b>8,715</b>	<b>1,345</b>	<b>9,833</b>	<b>1,195</b>

(1) Current balance includes deferred debtor for Murray River Energy of \$1,001k. See Note E3-1(iii) for mortgage over property details.

### Externally restricted receivables

#### Water supply

– Rates and availability charges	323	–	291	–
– Other	825	–	873	–

#### Sewerage services

– Rates and availability charges	274	–	244	–
– Other	89	–	101	–

#### Domestic waste management

	189	–	184	–
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#### Total external restrictions

	1,700	–	1,693	–
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#### Unrestricted receivables

	7,015	1,345	8,140	1,195
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#### Total net receivables

	8,715	1,345	9,833	1,195
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\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	153	153
+ new provisions recognised during the year	35	–
– amounts already provided for and written off this year	(67)	–
<b>Balance at the end of the year</b>	<b>121</b>	<b>153</b>



## C1-4 Receivables (continued)

### Accounting policy

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

### Impairment

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

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

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

The Council uses the 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.

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.

### Deferred debtor

Council has in place a deferred debtor receivable of \$1,001k, which represents the deferred debtor current balance as at 30 June 2021 including interest. This amount is in relation to a proposed development application for the construction on an ethanol plant in Moama - a process which has been on-going for three years. This development application is now no longer proceeding as at 30 June 2021. The deferred debtor has not been repaid to Council within the specified timeframe and Council is now taking legal proceedings to recover the debt.

The likelihood of recovery of the \$1,001k is high as Council has a first mortgage over property used as collateral for the deferred debtor. The property is proceeding to sale by auction in December 2021 to recover the outstanding amount owed to Council. Also, the recovery of the deferred debtor is currently waiting a hearing date with the Supreme Court of Victoria if sale of property does not occur and is expected to take up to a further six months to be granted a hearing date. COVID-19 has caused some delay in the matter been heard in the Victoria court system.

Details on the first mortgage can be found at Note E3-1(iv).

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	135	852	1,025	1,309
Stores and materials	554	–	532	–
Loose tools	–	203	–	155
<b>Total inventories at cost</b>	<b>689</b>	<b>1,055</b>	<b>1,557</b>	<b>1,464</b>
<b>Total inventories</b>	<b>689</b>	<b>1,055</b>	<b>1,557</b>	<b>1,464</b>

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Total externally restricted assets</b>	–	–	–	–
<b>Total internally restricted assets</b>	–	–	–	–
<b>Total unrestricted assets</b>	<b>689</b>	<b>1,055</b>	<b>1,557</b>	<b>1,464</b>
<b>Total inventories</b>	<b>689</b>	<b>1,055</b>	<b>1,557</b>	<b>1,464</b>

**(ii) Other disclosures**

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(a) Details for real estate development</b>					
Industrial/commercial		135	852	1,025	1,309
<b>Total real estate for resale</b>		<b>135</b>	<b>852</b>	<b>1,025</b>	<b>1,309</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Development costs		135	852	1,025	1,309
<b>Total costs</b>		<b>135</b>	<b>852</b>	<b>1,025</b>	<b>1,309</b>
<b>Total real estate for resale</b>		<b>135</b>	<b>852</b>	<b>1,025</b>	<b>1,309</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		1,025	1,309	1,557	1,715
– WDV of sales (expense)	B4-1	(1,108)	(457)	(532)	(406)
– Additions		218	–	–	–
<b>Total real estate for resale</b>		<b>135</b>	<b>852</b>	<b>1,025</b>	<b>1,309</b>

## C1-5 Inventories (continued)

### (b) Current inventories 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;

\$ '000	2021	2020
Real estate for resale	-	698
	<u>-</u>	<u>698</u>

### Accounting policy

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

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

#### Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period											At 30 June 2021			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions		Re-measurement of asset remediation provision	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Others	Developer / Other contribution	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
				Renewals	new assets													
Capital work in progress	11,131	–	11,131	3,045	6,298	–	–	–	–	(9,512)	572	–	–	–	–	11,534	–	11,534
Plant and equipment	21,889	(9,388)	12,501	721	1,178	–	(406)	(1,425)	–	–	–	–	–	–	–	22,885	(10,316)	12,569
Office equipment	2,602	(1,099)	1,503	234	123	–	(9)	(293)	–	–	–	10	–	–	–	2,968	(1,400)	1,568
Furniture and fittings	1,069	(559)	510	–	3	–	–	(39)	–	–	–	–	–	–	–	1,073	(599)	474
Plant and equipment (under finance lease)	–	–	–	–	895	–	–	–	–	–	–	–	–	–	–	895	–	895
<b>Land:</b>																		
– Operational land	8,022	–	8,022	–	–	–	(72)	–	–	–	–	–	–	–	–	7,950	–	7,950
– Community land	11,740	–	11,740	–	1,297	–	–	–	–	–	–	–	–	–	–	13,037	–	13,037
– Land under roads (post 30/6/08)	19	–	19	–	–	–	–	–	–	–	–	–	–	–	–	19	–	19
Land improvements – depreciable	8,804	(4,997)	3,807	–	–	–	–	(119)	–	–	–	–	–	–	–	8,804	(5,116)	3,688
<b>Infrastructure:</b>																		
– Buildings – non-specialised	15,581	(5,754)	9,827	–	62	–	(292)	(376)	–	(14)	–	–	–	–	–	15,214	(6,007)	9,207
– Buildings – specialised	50,121	(26,157)	23,964	371	2,627	–	(572)	(1,292)	–	5,233	(302)	–	–	–	–	56,340	(26,311)	30,029
– Other structures	20,312	(4,364)	15,948	210	1,808	–	(19)	(746)	–	1,431	(8)	–	–	–	–	23,713	(5,089)	18,624
– Roads	335,143	(128,264)	206,879	6,766	925	–	(2,089)	(8,712)	–	1,291	111,003	–	1,342	–	6,742	457,143	(132,996)	324,147
– Bridges	79,164	(28,316)	50,848	997	256	–	(744)	(1,282)	–	–	(293)	–	–	–	8,111	75,564	(17,671)	57,893
– Footpaths	13,944	(3,644)	10,300	69	1,152	–	(11)	(180)	(2,507)	–	(61)	–	340	(1,382)	–	14,545	(6,825)	7,720
– Bulk earthworks (non-depreciable)	293,193	–	293,193	–	–	–	–	–	–	–	(110,815)	–	168	–	20,684	203,230	–	203,230
– Stormwater drainage	51,542	(8,379)	43,163	–	95	–	–	(622)	–	1,163	(70)	–	1,776	–	397	54,981	(9,079)	45,902
– Water supply network	62,110	(21,366)	40,744	55	756	–	(23)	(1,166)	–	412	(26)	–	402	–	375	64,223	(22,694)	41,529
– Sewerage network	60,489	(21,677)	38,812	54	45	–	(4)	(965)	–	–	–	–	479	–	354	61,597	(22,822)	38,775
– Swimming pools	551	(551)	–	–	–	–	–	–	–	–	–	–	–	–	–	550	(550)	–
<b>Other assets:</b>																		
– Heritage collections	689	(313)	376	–	–	–	–	(14)	–	–	–	–	–	–	–	689	(327)	362
– Library books	24	(22)	2	–	–	–	–	(1)	–	–	–	17	–	–	–	224	(206)	18
– Other	677	(261)	416	–	53	–	–	(66)	–	–	–	–	–	–	–	730	(327)	403
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>																		
– Tip assets	1,755	(788)	967	–	–	735	–	(26)	–	–	–	–	–	–	–	2,490	(814)	1,676
– Quarry assets	272	(194)	78	–	–	796	–	(10)	–	–	–	–	–	–	–	1,040	(176)	864
<b>Total infrastructure, property, plant and equipment</b>	<b>1,050,843</b>	<b>(266,093)</b>	<b>784,750</b>	<b>12,522</b>	<b>17,573</b>	<b>1,531</b>	<b>(4,241)</b>	<b>(17,334)</b>	<b>(2,507)</b>	<b>4</b>	<b>–</b>	<b>27</b>	<b>4,507</b>	<b>(1,382)</b>	<b>36,663</b>	<b>1,101,438</b>	<b>(269,325)</b>	<b>832,113</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 2019			Asset movements during the reporting period									At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions Renewals	new assets	Re-measurement of asset remediation provision	Carrying value of disposals	Depreciation expense	WIP transfers	Developer / other contributions	Other movements - CMCC Transfer	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	5,117	–	5,117	4,455	6,073	–	–	–	(4,514)	–	–	–	11,131	–	11,131
Plant and equipment	19,564	(9,113)	10,451	3,153	572	–	(534)	(1,420)	–	–	279	–	21,889	(9,388)	12,501
Office equipment	2,053	(851)	1,202	–	456	–	–	(248)	93	–	–	–	2,602	(1,099)	1,503
Furniture and fittings	839	(509)	330	–	230	–	–	(50)	–	–	–	–	1,069	(559)	510
<b>Land:</b>															
– Operational land	8,022	–	8,022	–	–	–	–	–	–	–	–	–	8,022	–	8,022
– Community land	11,740	–	11,740	–	–	–	–	–	–	–	–	–	11,740	–	11,740
– Land under roads (post 30/6/08)	19	–	19	–	–	–	–	–	–	–	–	–	19	–	19
Land improvements – depreciable	8,804	(4,871)	3,933	–	–	–	–	(126)	–	–	–	–	8,804	(4,997)	3,807
<b>Infrastructure:</b>															
– Buildings – non-specialised	15,471	(5,415)	10,056	–	109	–	–	(338)	–	–	–	–	15,581	(5,754)	9,827
– Buildings – specialised	46,178	(25,263)	20,915	987	2,674	–	(122)	(1,194)	704	–	–	–	50,121	(26,157)	23,964
– Other structures	18,505	(3,932)	14,573	1,017	256	–	(47)	(498)	647	–	–	–	20,312	(4,364)	15,948
– Roads	331,932	(123,251)	208,681	6,652	1,398	–	(4,089)	(8,703)	1,956	984	–	–	335,143	(128,264)	206,879
– Bridges	77,552	(28,013)	49,539	1,691	633	–	(584)	(1,284)	853	–	–	–	79,164	(28,316)	50,848
– Footpaths	12,832	(3,271)	9,561	–	906	–	–	(373)	41	165	–	–	13,944	(3,644)	10,300
– Bulk earthworks (non-depreciable)	292,733	–	292,733	2,059	272	–	(2,057)	–	–	186	–	–	293,193	–	293,193
– Stormwater drainage	49,855	(7,806)	42,049	123	535	–	(5)	(576)	170	867	–	–	51,542	(8,379)	43,163
– Water supply network	61,247	(20,041)	41,206	181	22	–	(14)	(1,180)	35	102	–	392	62,110	(21,366)	40,744
– Sewerage network	59,485	(20,558)	38,927	96	34	–	(4)	(952)	–	336	–	375	60,489	(21,677)	38,812
– Swimming pools	551	(545)	6	–	–	–	–	(6)	–	–	–	–	551	(551)	–
<b>Other assets:</b>															
– Heritage collections	593	(301)	292	81	–	–	–	(12)	15	–	–	–	689	(313)	376
– Library books	24	(21)	3	–	–	–	–	(1)	–	–	–	–	24	(22)	2
– Other	620	(197)	423	56	–	–	–	(63)	–	–	–	–	677	(261)	416
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	1,956	(746)	1,210	–	–	(215)	–	(28)	–	–	–	–	1,755	(788)	967
– Quarry assets	310	(177)	133	–	–	(43)	–	(12)	–	–	–	–	272	(194)	78
<b>Total infrastructure, property, plant and equipment</b>	<b>1,026,002</b>	<b>(254,881)</b>	<b>771,121</b>	<b>20,551</b>	<b>14,170</b>	<b>(258)</b>	<b>(7,456)</b>	<b>(17,064)</b>	<b>–</b>	<b>2,640</b>	<b>279</b>	<b>767</b>	<b>1,050,843</b>	<b>(266,093)</b>	<b>784,750</b>

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

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

### Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

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

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

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	4 to 20	Playground equipment	5 to 80
Office furniture	10 to 50	Benches, seats etc.	10 to 20
Computer equipment	4 to 5		
Vehicles	2 to 12.5	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	10 to 50
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	20 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 120
Reticulation pipes: other	25 to 75		
Pumps and telemetry	5 to 50		
Treatment Ponds	Infinite		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	15 to 30	Bulk earthworks	Infinite
Sealed roads: structure	30 to 80	Swimming pools	50
Unsealed roads	10 to 30	Other open space/recreational assets	5 to 50
Bridge: concrete	60 to 100	Other Infrastructure	5 to 110
Bridge: other	20 to 60	Land improvements (levee bank)	70
Road pavements	10 to 80		
Kerb, gutter and footpaths	20 to 100		

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.

### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

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

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### **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".

Until such time as discussions on this matter have concluded and the legislation changes. Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the Building assets, their values and depreciation charges within these financial statements. Council will not recognise rural fire service assets including plant and vehicles in these financial statements.

## Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/21			as at 30/06/20		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
WIP	3,728	–	3,728	1,512	–	1,512
Plant and equipment	61	54	7	57	53	4
Land						
– Operational land	616	–	616	616	–	616
Buildings	2,517	1,240	1,277	2,517	1,180	1,337
Infrastructure	64,223	22,694	41,529	62,110	21,366	40,744
<b>Total water supply</b>	<b>71,145</b>	<b>23,988</b>	<b>47,157</b>	<b>66,812</b>	<b>22,599</b>	<b>44,213</b>
<b>Sewerage services</b>						
Plant and equipment	23	23	–	23	23	–
Land						
– Operational land	1,123	–	1,123	1,123	–	1,123
Buildings	181	84	97	181	79	102
Infrastructure	61,597	22,822	38,775	60,489	21,677	38,812
<b>Total sewerage services</b>	<b>62,924</b>	<b>22,929</b>	<b>39,995</b>	<b>61,816</b>	<b>21,779</b>	<b>40,037</b>
<b>Domestic waste management</b>						
Plant and equipment	12	8	4	9	8	1
Land						
– Operational land	370	–	370	370	–	370
– Community land	133	–	133	133	–	133
Buildings	318	204	114	318	196	122
Other structures	1,100	278	822	1,045	241	804
<b>Total domestic waste management</b>	<b>1,933</b>	<b>490</b>	<b>1,443</b>	<b>1,875</b>	<b>445</b>	<b>1,430</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>136,002</b>	<b>47,407</b>	<b>88,595</b>	<b>130,503</b>	<b>44,823</b>	<b>85,680</b>



## C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Water Licences</b>		
<b>Opening values at 1 July</b>		
Gross book value	1,771	1,664
<b>Net book value – opening balance</b>	<b>1,771</b>	<b>1,664</b>
<b>Movements for the year</b>		
– Revaluation	29	107
<b>Closing values at 30 June</b>		
Gross book value	1,800	1,771
<b>Total water licences – net book value</b>	<b>1,800</b>	<b>1,771</b>
<b>Total intangible assets – net book value</b>	<b>1,800</b>	<b>1,771</b>

### Accounting policy

Council holds a number of high and general security water licences, which it recognises as an intangible asset.

The water licences are individually tradeable on the open water licence sales market.

Water licences are individually separated from the land and can be sold on a permanent or temporary transfer basis. At present, Council only trades the water entitlement associated with the water licences on a temporary basis, with income received from the sales of water entitlements disclosed as other revenue.

No amortisation costs are applicable as high and general security water licences have an indefinite life.

Water licences purchased are initially recorded at cost and are valued yearly at 30 June and the revaluation is based on market evidence. Water licences are tested for impairment annually based on market sales evidence. If the recoverable amount is less than carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as impairment loss.

## C2 Leasing activities

### C2-1 Council as a lessee

Council has one lease over a building and also has leases for photocopiers, which are considered as short term leases.

#### Buildings

Council has one building which is leased for a doctors surgery. Lease is month by month and no formal lease agreement is currently in place.

Council also has staff housing rental agreements in place and these are all under 12 months duration.

#### Vehicles

Council leases vehicles and equipment with lease terms varying to 5 years; the lease payments are fixed during the lease term and there is generally no renewal option.

#### Office and IT equipment

Council did lease photocopiers for part of the 2020/21 financial year prior to replacing them with photocopiers purchased outright. The lease arrangements are considered short term leases.

#### (a) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	192	725	–	–
<b>Total lease liabilities</b>	<b>192</b>	<b>725</b>	<b>–</b>	<b>–</b>

#### (b) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2021</b>					
Cash flows	–	917	–	917	917

#### (ii) Lease liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Total lease liabilities relating to unrestricted assets</b>	<b>192</b>	<b>725</b>	<b>–</b>	<b>–</b>
<b>Total lease liabilities</b>	<b>192</b>	<b>725</b>	<b>–</b>	<b>–</b>

#### (c) Income Statement

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

\$ '000	2021	2020
Expenses relating to short-term leases	237	151
	<b>237</b>	<b>151</b>

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

\$ '000	2021	2020
<b>(d) Statement of Cash Flows</b>		
Total cash outflow for leases	<u>237</u>	<u>151</u>
	<b>237</b>	<b>151</b>

**(e) Leases at significantly below market value – concessionary / peppercorn leases**

Council, as lessee, doesn't have any concessionary/ peppercorn leases.

**Accounting policy****Council as a lessee**

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

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

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

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

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

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

**Exceptions to lease accounting**

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

**Leases at significantly below market value / concessionary leases**

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes.

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

\$ '000	2021	2020
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#### (i) Assets held as investment property

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

#### (ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of caravan parks, staff housing, retirement units, vacant land and room/ facility hire. The table below relates to operating leases on assets that are a part of the overall asset fair value balances disclosed in Note C1-6.

Lease income (excluding variable lease payments not dependent on an index or rate)	605	464
<b>Total income relating to operating leases for Council assets</b>	<b>605</b>	<b>464</b>

#### (iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	398	334
1–2 years	315	308
2–3 years	318	311
3–4 years	320	312
4–5 years	324	315
> 5 years	4,044	4,526
<b>Total undiscounted lease payments to be received</b>	<b>5,719</b>	<b>6,106</b>

### Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*. The lease income is recognised on a straight-line basis over the lease term.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Prepaid rates	312	-	271	-
Goods and services – operating expenditure	3,941	-	4,026	-
Accrued expenses:				
– Borrowings	1	-	1	-
– Salaries and wages	568	-	521	-
– Other expenditure accruals	140	-	344	-
Advances	30	-	-	-
Security bonds, deposits and retentions	883	-	1,185	-
Other	22	-	-	-
<b>Total payables</b>	<b>5,897</b>	<b>-</b>	<b>6,348</b>	<b>-</b>
<b>Total payables</b>	<b>5,897</b>	<b>-</b>	<b>6,348</b>	<b>-</b>

#### Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Water	408	-	104	-
Sewer	105	-	36	-
Payables relating to externally restricted assets	513	-	140	-
<b>Total payables relating to restricted assets</b>	<b>513</b>	<b>-</b>	<b>140</b>	<b>-</b>
<b>Total payables relating to unrestricted assets</b>	<b>5,384</b>	<b>-</b>	<b>6,208</b>	<b>-</b>
<b>Total payables</b>	<b>5,897</b>	<b>-</b>	<b>6,348</b>	<b>-</b>

## C3-1 Payables (continued)

### Accounting policy

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

### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	4,250	-	2,752	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	184	-	242	-
<b>Total grants received in advance</b>		<b>4,434</b>	<b>-</b>	<b>2,994</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>4,434</b>	<b>-</b>	<b>2,994</b>	<b>-</b>

### Notes

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

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

### Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	4,434	-	2,994	-
<b>Contract liabilities relating to externally restricted assets</b>	<b>4,434</b>	<b>-</b>	<b>2,994</b>	<b>-</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>4,434</b>	<b>-</b>	<b>2,994</b>	<b>-</b>
<b>Total contract liabilities</b>	<b>4,434</b>	<b>-</b>	<b>2,994</b>	<b>-</b>

### Accounting policy

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

### C3-3 Borrowings

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	582	3,251	548	3,142
<b>Total borrowings</b>	<b>582</b>	<b>3,251</b>	<b>548</b>	<b>3,142</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

#### Borrowings relating to restricted assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
<b>Total borrowings relating to unrestricted assets</b>	<b>582</b>	<b>3,251</b>	<b>548</b>	<b>3,142</b>
<b>Total borrowings</b>	<b>582</b>	<b>3,251</b>	<b>548</b>	<b>3,142</b>

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

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,690	143	–	–	–	–	3,833
Lease liability (Note C2-1b)	–	–	917	–	–	–	917
<b>Total liabilities from financing activities</b>	<b>3,690</b>	<b>143</b>	<b>917</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,750</b>

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	1,682	2,008	–	–	–	–	3,690
<b>Total liabilities from financing activities</b>	<b>1,682</b>	<b>2,008</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,690</b>

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	650	650
Credit cards/purchase cards	28	50
<b>Total financing arrangements</b>	<b>678</b>	<b>700</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	22	6
<b>Total drawn financing arrangements</b>	<b>22</b>	<b>6</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	650	650
– Credit cards/purchase cards	6	44
<b>Total undrawn financing arrangements</b>	<b>656</b>	<b>694</b>

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

#### Accounting policy

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

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

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



## C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	1,960	–	2,089	–
Long service leave	1,980	412	2,134	338
<b>Total employee benefit provisions</b>	<b>3,940</b>	<b>412</b>	<b>4,223</b>	<b>338</b>

### Employee benefit provisions relating to restricted assets

#### Internally restricted assets

Employee Benefits	2,168	–	2,261	–
Employee benefit provisions relating to internally restricted assets	2,168	–	2,261	–
<b>Total employee benefit provisions relating to restricted assets</b>	<b>2,168</b>	<b>–</b>	<b>2,261</b>	<b>–</b>
<b>Total employee benefit provisions relating to unrestricted assets</b>	<b>1,772</b>	<b>412</b>	<b>1,962</b>	<b>338</b>
<b>Total employee benefit provisions</b>	<b>3,940</b>	<b>412</b>	<b>4,223</b>	<b>338</b>

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,681	1,865
	<b>1,681</b>	<b>1,865</b>

### Accounting policy

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### 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.

## C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	-	2,712	-	1,179
<b>Sub-total – asset remediation/restoration</b>	<b>-</b>	<b>2,712</b>	<b>-</b>	<b>1,179</b>
<b>Total provisions</b>	<b>-</b>	<b>2,712</b>	<b>-</b>	<b>1,179</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>-</b>	<b>2,712</b>	<b>-</b>	<b>1,179</b>
<b>Total provisions</b>	<b>-</b>	<b>2,712</b>	<b>-</b>	<b>1,179</b>

### 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.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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

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

## D 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

\$ '000	General 2021	Water 2021	Sewer 2021
<b>Income from continuing operations</b>			
Rates and annual charges	12,478	2,863	2,628
User charges and fees	6,334	2,142	339
Interest and investment revenue	386	82	105
Other revenues	503	161	241
Grants and contributions provided for operating purposes	17,031	402	479
Grants and contributions provided for capital purposes	17,863	1,057	361
Other income	605	–	–
Share of interests in joint ventures and associates using the equity method	24	–	–
<b>Total income from continuing operations</b>	<b>55,224</b>	<b>6,707</b>	<b>4,153</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	14,692	1,748	822
Materials and services	14,219	1,229	888
Borrowing costs	133	–	–
Depreciation, amortisation and impairment of non-financial assets	17,640	1,231	970
Other expenses	222	597	309
Net losses from the disposal of assets	3,209	23	4
<b>Total expenses from continuing operations</b>	<b>50,115</b>	<b>4,828</b>	<b>2,993</b>
<b>Operating result from continuing operations</b>	<b>5,109</b>	<b>1,879</b>	<b>1,160</b>
<b>Net operating result for the year</b>	<b>5,109</b>	<b>1,879</b>	<b>1,160</b>
<b>Net operating result attributable to each council fund</b>	<b>5,109</b>	<b>1,879</b>	<b>1,160</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(12,754)</b>	<b>822</b>	<b>799</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	883	623	401
Investments	30,762	7,788	12,210
Receivables	7,204	1,148	363
Inventories	689	–	–
Other	63	–	–
<b>Total current assets</b>	<b>39,601</b>	<b>9,559</b>	<b>12,974</b>
<b>Non-current assets</b>			
Investments	2	–	–
Receivables	1,345	–	–
Inventories	1,055	–	–
Infrastructure, property, plant and equipment	744,961	47,157	39,995
Intangible assets	–	1,800	–
<b>Total non-current assets</b>	<b>747,363</b>	<b>48,957</b>	<b>39,995</b>
<b>TOTAL ASSETS</b>	<b>786,964</b>	<b>58,516</b>	<b>52,969</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	5,072	378	105
Income received in advance	312	30	–
Contract liabilities	4,434	–	–
Lease liabilities	192	–	–
Borrowings	582	–	–
Employee benefit provision	3,940	–	–
<b>Total current liabilities</b>	<b>14,532</b>	<b>408</b>	<b>105</b>
<b>Non-current liabilities</b>			
Lease liabilities	725	–	–
Borrowings	3,251	–	–
Employee benefit provision	412	–	–
Provisions	2,712	–	–
<b>Total non-current liabilities</b>	<b>7,100</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>21,632</b>	<b>408</b>	<b>105</b>
<b>Net assets</b>	<b>765,332</b>	<b>58,108</b>	<b>52,864</b>
<b>EQUITY</b>			
Accumulated surplus	640,497	51,969	40,465
Revaluation reserves	124,835	6,139	12,399
<b>Council equity interest</b>	<b>765,332</b>	<b>58,108</b>	<b>52,864</b>
<b>Total equity</b>	<b>765,332</b>	<b>58,108</b>	<b>52,864</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
<b>1. Moama Recreation Reserve</b>	Management of a Recreation Reserve (Sub Committee) Perricoota Road Moama

Interests in Subsidiary	Ownership 2021	Ownership 2020	Voting rights 2021	Voting rights 2020
Council's interest in Subsidiary	<b>100%</b>	100%	<b>100%</b>	100%

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

The Moama Recreation Reserve is a sub committee of Council under s 355 of the Local Government Act. The Committee operates within a Charter and any other decisions of the Committee are recommendations to the Council. The assets of the committee are Council's assets. Their bank accounts are treated as Internally Restricted Assets of the Council.

#### The nature of risks associated with Council's interests in the Subsidiary

The Council has ultimate responsibility for the operation of the Recreation Reserve. The sub committee liaises with the various users and discusses any areas of concern between the groups.

#### Other disclosures

The Council has a representative on the Committee. Council staff also attend the meetings.

#### Reporting dates of Subsidiary

The committee completes financials reports to financial year end 30 June 2021. The financial position and performance of subsidiaries for the financial year ended 30 June 2021 have been included in these consolidated financial statements.

### Summarised financial information for the Subsidiary

\$ '000	2021	2020
<b>Summarised statement of comprehensive income</b>		
Revenue	<b>30</b>	41
Expenses	<b>(26)</b>	(39)
<b>Profit for the period</b>	<b>4</b>	2
<b>Total comprehensive income</b>	<b>4</b>	2
<b>Summarised statement of financial position</b>		
Current assets	<b>62</b>	58
<b>Total assets</b>	<b>62</b>	58
<b>Net assets</b>	<b>62</b>	58
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	<b>4</b>	2
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4</b>	2

## D2-1 Subsidiaries (continued)

Name of Operation/Entity	Principal activity
<b>2. Mathoura Retirement Village</b>	Management of Units for the Aged Mathoura Street, Mathoura

Interests in Subsidiary	Ownership 2021	Ownership 2020	Voting rights 2021	Voting rights 2020
Council's interest in Subsidiary	<b>100%</b>	100%	<b>100%</b>	100%

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

The Mathoura Retirement Village is a sub committee of Council under Section 355 of the local Government Act. The assets of the committee are Council's assets. Their bank accounts are treated as Internally Restricted Assets of the Council.

### The nature of risks associated with Council's interests in the Subsidiary

The Council has ultimate responsibility for the operation of the Retirement Village. The sub committee liaises with the tenants and deals with the ongoing maintenance of the units and the surrounding area.

### Other disclosures

The Council has a representative on the Committee. Council staff assist with administrative issues and capital works.

### Reporting dates of Subsidiary

The committee completes financial reports to financial year end 30 June 2021. The financial position and performance of subsidiaries for the financial year ended 30 June 2021 have been included in these consolidated financial statements.

## Summarised financial information for the Subsidiary

\$ '000	2021	2020
<b>Summarised statement of comprehensive income</b>		
Revenue	<b>48</b>	59
Expenses	<b>(36)</b>	(38)
<b>Profit for the period</b>	<b>12</b>	21
<b>Total comprehensive income</b>	<b>12</b>	21
<b>Summarised statement of financial position</b>		
Current assets	<b>213</b>	183
Non-current assets	<b>402</b>	424
<b>Total assets</b>	<b>615</b>	607
Non-current liabilities	<b>14</b>	17
<b>Total liabilities</b>	<b>14</b>	17
<b>Net assets</b>	<b>601</b>	590
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	<b>12</b>	37
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>12</b>	37

## D2-1 Subsidiaries (continued)

Name of Operation/Entity	Principal activity
<b>3. Moama Lions Community Village</b>	Provision of units for the people meeting the criteria Various units in Moama

Interests in Subsidiary	Ownership 2021	Ownership 2020	Voting rights 2021	Voting rights 2020
Council's interest in Subsidiary	<b>100%</b>	100%	<b>100%</b>	100%

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

The Moama Lions is a sub committee of Council under s 355 of the Local Government Act. The assets of the committee are Council's assets. Their bank accounts are treated as Internally Restricted Assets of the Council.

### The nature of risks associated with Council's interests in the Subsidiary

The Council has ultimate responsibility for the operation of the Moama Lions units. The sub committee liaises with the tenants and deals with the ongoing maintenance of the units and the surrounding areas.

### Other disclosures

The Council has a representative on the Committee. Council staff assist with administrative issues and capital works.

### Reporting dates of Subsidiary

The committee completes financial reports to financial year end 30 June 2021. The financial position and performance of subsidiaries for the financial year ended 30 June 2021 have been included in these consolidated financial statements.

## Summarised financial information for the Subsidiary

\$ '000	2021	2020
<b>Summarised statement of comprehensive income</b>		
Revenue	<b>357</b>	249
Expenses	<b>(120)</b>	(219)
<b>Profit for the period</b>	<b>237</b>	30
<b>Total comprehensive income</b>	<b>237</b>	30
<b>Summarised statement of financial position</b>		
Current assets	<b>721</b>	484
<b>Total assets</b>	<b>721</b>	484
Current liabilities	<b>233</b>	141
<b>Total liabilities</b>	<b>233</b>	141
<b>Net assets</b>	<b>488</b>	343
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	<b>237</b>	30
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>237</b>	30

### Accounting policy for subsidiaries

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and

## D2-1 Subsidiaries (continued)

cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

\$ '000	Council's share of net assets	
	2021	2020
<b>Council's share of net income</b>		
<b>Net share of interests in joint ventures and associates using the equity method – income</b>		
Associates	24	–
<b>Total net share of interests in joint ventures and associates using the equity method – income</b>	<b>24</b>	<b>–</b>
Total Council's share of net income	<b>24</b>	<b>–</b>
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Associates	–	49
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>–</b>	<b>49</b>
Total Council's share of net assets	<b>–</b>	<b>49</b>



## D2-2 Interests in associates

### Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership			
			2021	2020	2021	2020
Central Murray Regional Library	Associate	Murray Ward Mathoura	12%	12%	–	46
<b>Total carrying amounts – material associates</b>					<b>–</b>	<b>46</b>

The following information is provided for associates that are individually material to the Council. Included are the amounts as per the individual associates' financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

### Details

Principal activity		Measurement method
Central Murray Regional Library	Regional Library	% Net Assets

### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
Central Murray Regional Library	12%	12%	33%	33%

## D2-2 Interests in associates (continued)

## Summarised financial information for associates

\$ '000	Central Murray County Council <sup>1</sup>		Central Murray Regional Library	
	2021	2020	2021	2020
<b>Statement of financial position</b>				
<b>Current assets</b>				
Cash and cash equivalents	–	–	288	331
<b>Non-current assets</b>				
	–	–	170	166
<b>Current liabilities</b>				
Other current liabilities	–	–	–	99
<b>Net assets</b>	<b>–</b>	<b>–</b>	<b>458</b>	<b>398</b>
<b>Statement of comprehensive income</b>				
Income	–	–	465	478
Interest income	–	–	2	6
Depreciation and amortisation	–	–	(68)	(67)
Other expenses	–	–	(339)	(428)
<b>Profit/(loss) from continuing operations</b>	<b>–</b>	<b>–</b>	<b>60</b>	<b>(11)</b>
<b>Profit/(loss) for period</b>	<b>–</b>	<b>–</b>	<b>60</b>	<b>(11)</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>60</b>	<b>(11)</b>
<b>Share of income – Council (%)</b>	<b>0%</b>	<b>31%</b>	<b>16%</b>	<b>11%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>(1)</b>
<b>Total comprehensive income – Council (\$)</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>(1)</b>
<b>Summarised Statement of cash flows</b>				
Cash flows from operating activities	–	–	41	(29)
Cash flows from investing activities	–	–	(84)	(40)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>–</b>	<b>–</b>	<b>(43)</b>	<b>(69)</b>
<b>Reconciliation of the carrying amount</b>				
Opening net assets (1 July)	–	1,153	500	511
Distribution paid	–	–	(73)	–
Profit/(Loss) for Year	–	–	60	(11)
Wind Up of CMRL	–	–	(487)	–
Wind Up of CMCC	–	(1,153)	–	–
<b>Closing net assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>500</b>
<b>Council's share of net assets (%)</b>	<b>0%</b>	<b>31%</b>	<b>0%</b>	<b>11%</b>
<b>Council's share of net assets (\$)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>46</b>

(1) CMCC wound up 1 July 2019. Funds distributed to member councils.

## D2-2 Interests in associates (continued)

### Fair value of investment

\$ '000	Quoted fair value	
	2021	2020
Central Murray Regional Library	–	398

### Accounting policy

Interests in associates are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If Council's share of losses of an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further losses.

Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

Adjustments are made to the associates accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

## 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.

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

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	1,907	6,334	1,907	6,334
Receivables	10,060	11,028	10,060	11,028
Investments				
– Debt securities at amortised cost	50,760	44,513	50,760	44,513
<b>Fair value through other comprehensive income</b>				
Investments				
– Equity securities at fair value through other comprehensive income	2	2	2	2
<b>Total financial assets</b>	<b>62,729</b>	<b>61,877</b>	<b>62,729</b>	<b>61,877</b>
<b>Financial liabilities</b>				
Payables	5,897	6,348	5,897	6,348
Loans/advances	3,833	3,690	3,833	3,690
<b>Total financial liabilities</b>	<b>9,730</b>	<b>10,038</b>	<b>9,730</b>	<b>10,038</b>

Fair value is determined as follows:

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

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

Council's finance area manages the cash and Investments portfolio.

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 the 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.

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

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

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

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

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	505	441
Impact of a 10% movement in price of investments		

### (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 other than Council has significant credit risk exposures in its local area given the nature of the business. The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements. Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	–	1,245	231	263	139	1,878
<b>2020</b>						
Gross carrying amount	2	1,183	354	271	118	1,928

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

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

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	5,761	992	70	134	1,346	8,303
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2020</b>						
Gross carrying amount	7,024	1,537	5	111	576	9,253
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	15.25%	0.95%
<b>ECL provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88</b>	<b>88</b>

### (c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2021</b>							
Trade/other payables	0.00%	883	4,702	-	-	5,585	5,585
Loans and advances	2.65%	-	580	1,761	1,492	3,833	3,833
<b>Total financial liabilities</b>		<b>883</b>	<b>5,282</b>	<b>1,761</b>	<b>1,492</b>	<b>9,418</b>	<b>9,418</b>
<b>2020</b>							
Trade/other payables	0.00%	1,185	4,908	-	-	6,093	6,077
Loans and advances	3.94%	-	782	1,757	1,422	3,961	3,690
<b>Total financial liabilities</b>		<b>1,185</b>	<b>5,690</b>	<b>1,757</b>	<b>1,422</b>	<b>10,054</b>	<b>9,767</b>

## E2-1 Fair value measurement

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

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

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy									
		Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Recurring fair value measurements</b>											
<b>Financial assets</b>											
Financial investments	C1-2										
– 'Financial assets - "Available for sale"		30/06/2021	30/06/2020	–	–	–	–	–	2	–	2
<b>Total financial assets</b>				<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>2</b>
<b>Infrastructure, property, plant and equipment</b>											
Plant & Equipment	C1-6	30/06/2021	30/06/2015	–	–	–	–	<b>12,569</b>	12,501	<b>12,569</b>	12,501
Plant and Equipment (Leased)		30/06/2021		–	–	–	–	<b>895</b>	–	<b>895</b>	–
Office Equipment		30/06/2021	30/06/2015	–	–	–	–	<b>1,568</b>	1,503	<b>1,568</b>	1,503
Furniture & Fittings		30/06/2021	30/06/2015	–	–	–	–	<b>474</b>	510	<b>474</b>	510
Operational Land		30/06/2018	30/06/2018	–	–	<b>7,950</b>	8,022	–	–	<b>7,950</b>	8,022
Community Land		30/06/2018	30/06/2018	–	–	–	–	<b>13,037</b>	11,740	<b>13,037</b>	11,740
Land under roads (post 30/06/08)		30/06/2021	30/06/2011	–	–	–	–	<b>19</b>	19	<b>19</b>	19
Land Improvements depreciable		30/06/2017	30/06/2017	–	–	–	–	<b>3,688</b>	3,807	<b>3,688</b>	3,807
Buildings – non-specialised		30/06/2017	30/06/2017	–	–	<b>9,207</b>	9,827	–	–	<b>9,207</b>	9,827
Buildings – specialised		30/06/2017	30/06/2017	–	–	–	–	<b>30,029</b>	23,964	<b>30,029</b>	23,964
Other Structures		30/06/2019	30/06/2019	–	–	–	–	<b>18,624</b>	15,948	<b>18,624</b>	15,948
Roads		30/06/2021	30/06/2019	–	–	–	–	<b>324,147</b>	206,879	<b>324,147</b>	206,879
Bridges		30/06/2021	30/06/2019	–	–	–	–	<b>57,893</b>	50,848	<b>57,893</b>	50,848
Footpaths		30/06/2021	30/06/2019	–	–	–	–	<b>7,720</b>	10,300	<b>7,720</b>	10,300
Bulk Earthworks		30/06/2021	30/06/2019	–	–	–	–	<b>203,230</b>	293,193	<b>203,230</b>	293,193
Stormwater Drainage		30/06/2021	30/06/2019	–	–	–	–	<b>45,902</b>	43,163	<b>45,902</b>	43,163
Water Supply Network		30/06/2017	30/06/2017	–	–	–	–	<b>41,529</b>	40,744	<b>41,529</b>	40,744
Sewerage Network		30/06/2017	30/06/2017	–	–	–	–	<b>38,775</b>	38,812	<b>38,775</b>	38,812
Swimming Pools		30/06/2017	30/06/2017	–	–	–	–	–	–	–	–
Heritage Collections		30/06/2017	30/06/2017	–	–	–	–	<b>362</b>	376	<b>362</b>	376
Library Books		30/06/2021	30/06/2015	–	–	–	–	<b>18</b>	2	<b>18</b>	2
Other Assets		30/06/2017	30/06/2017	–	–	–	–	<b>403</b>	416	<b>403</b>	416
Tip Assets		30/06/2017	30/06/2017	–	–	–	–	<b>1,676</b>	967	<b>1,676</b>	967
Quarry Assets		30/06/2021	30/06/2017	–	–	–	–	<b>864</b>	78	<b>864</b>	78



## E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy									
		Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Total infrastructure, property, plant and equipment</b>				<b>-</b>	<b>-</b>	<b>17,157</b>	17,849	<b>803,422</b>	755,770	<b>820,579</b>	773,619
<b>Non-recurring fair value measurements</b>											
<b>Discontinued operations</b>											
Water Access Licences		30/06/2021	30/06/2020	<b>1,800</b>	1,771	-	-	-	-	<b>1,800</b>	1,771
<b>Total discontinued operations</b>				<b>1,800</b>	1,771	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,800</b>	1,771

## E2-1 Fair value measurement (continued)

### Valuation techniques

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

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

#### **Plant and equipment, office equipment and furniture and fittings**

Quoted prices in an active market for similar items and asset conditions have been used to revalue these assets.

Examples of assets within these classes are as follows:

- Plant & Equipment – graders, trucks, rollers, tractors & motor vehicles
- Office Equipment – computers, photocopiers, phone systems etc.
- Furniture & Fittings – chairs, desks, cabinets etc.

#### **Operational and Community land**

Operational Land is valued based on purchase price and valuations provided by commercial Valuers. A commercial Valuer revalued operational land as at 30 June 2018.

Community Land is based on Land Value provided by the Valuer-General for rating purposes for which the Valuer-General provides new valuations every 3 years. The new valuations were applied as at 30 June 2018. There has been no change to the valuation process during the year.

#### **Buildings – non-specialised and specialised**

Buildings Specialised and Non - Specialised are based on cost price and valuations provided by commercial valuers. Council engaged commercial valuers to value all Council's buildings as at 30 June 2017. Valuation techniques remained the same for the reporting period.

#### **Other structures**

Other Structures comprise of sundry recreational assets, signage, shade sails, irrigation systems, lights, fencing, cemeteries, wharfs, boat ramps, skate parks, pounds, sheds, carports, bus shelters, playground equipment and caravan parks assets etc.

Council's Engineering Department undertook a re-valuation for these assets as at 30 June 2018. Quoted prices in an active market for similar items and condition assessment have been used to revalue these assets. There has been no change to the valuation process during the reporting period.

#### **Roads bridges and footpaths**

Council's Roads, Bridges and Footpaths were inspected and valued by an independent consultant (Pavement Management Services) on 30 June 2021. The valuation was based on cost approach using Level 3 inputs to value this asset class and the following information was determined by the consultant for each component.

- The economic useful life has been assessed based on utilising construction year, asset replacement cost and condition after being reviewed carefully.
- The remaining service potential was determined based on physical condition data sampled by Australis Valuers.
- The replacement costs were developed from unit rates, quantities, sub-component factors and intangible factors.
- Condition assessment is based on factors such as age of the asset, overall condition, economic and functional obsolescence.
- Pattern of consumption straight line pattern of consumption.

#### **Drainage infrastructure**

Council's drainage infrastructure was inspected and valued by an independent consultant (Australis) on 30 June 2019. The valuation was based on cost approach using Level 3 inputs to value this asset class and the following information was determined by the consultant for each component.

- The economic useful life has been assessed based on utilising construction year, asset replacement cost and condition after being reviewed carefully.
- The remaining service potential was determined based on physical condition data sampled by Australis Valuers.
- The replacement costs were developed from unit rates, quantities, sub-component factors and intangible factors.
- Condition assessment is based on factors such as age of the asset, overall condition, economic and functional obsolescence.

## E2-1 Fair value measurement (continued)

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- Pattern of consumption straight line pattern of consumption.

There has been no change to the valuation process during the reporting period.

### Water supply network

Assets within this class comprise reservoirs, pumping station, treatment plants and reticulation and delivery mains.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on their final determination of fair value. Additionally due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

Re-valuation was undertaken in-house by the Engineering Department as at 30 June 2017. There has been no change to the valuation process during the reporting period.

### Sewerage network

Assets within this class comprise treatment plants, oxidation ponds, pumping stations and mains.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

Re-valuation was undertaken in-house by the Engineering Department as at 30 June 2017. There has been no change to the valuation process during the reporting period.

### Swimming Pools

Council's Engineering Department undertook a re-valuation for these assets as at 30 June 2017. Quoted prices in an active market for similar items and condition assessment have been used to revalue these assets. There has been no change to the valuation process during the reporting period.

### Other Assets

Assets within this class comprise library books, heritage collections and reinstatement of tip and quarry assets etc. Council's Engineering Department undertook a re-valuation for these assets as at 30 June 2017. Quoted prices in an active market for similar items and condition assessment have been used to revalue these assets.

Tip assets were re-assessed as at 30 June 2018. This included a recalculation of tip remediation costs, which have a bearing on the asset valuation. The remediation costs were based on Engineering Department costs to remediate the assets.

Quarry assets were re-assessed as at 30 June 2021. This included a recalculation of tip remediation costs, which have a bearing on the asset valuation. The remediation costs were based on Engineering Department costs to remediate the assets.

### Financial Assets – Non-current assets classified as “available for sale”

#### Shares

Council values the shares held at their original purchase prices as there are no quoted prices in an active market.

### Intangible Assets

#### Water Access Licences

Council values water access licences based on quoted prices in an active market. These were changed for the current year and the previous year due to the recognition of previously unrecognised water rights.

## E2-1 Fair value measurement (continued)

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

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

Council uses a combination of commercial Valuers and Council's Engineering Department staff.

Valuation Technique – where the Council staff are suitably qualified and are appropriately resourced to undertake the asset valuation, then an internal valuation will be undertaken. The calculation is based on the components unit costs of the asset class as disclosed in Note E2-1. Recent similar construction projects are assessed to determine the appropriate unit costs. This determines the “Gross carrying Amount”. An assessment of the useful life and remaining useful life of the assets components, through a condition assessment is undertaken. This determines the “Accumulated Depreciation and Impairment” and the “Net Carrying Amount”.

If suitably qualified staff are not available then the Council will employ contractors to do part or all of the above process.

Post Valuation - The Council's Director Engineering Services overviews the valuation process.

## E2-1 Fair value measurement (continued)

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
<b>I,PP&amp;E</b>			
Plant and equipment	12,569	Depreciated Replacement Cost	Purchase Price Remaining useful life Residue Value
Office equipment	1,568	Depreciated Replacement Cost	Purchase Price Remaining useful life Residue Value
Furniture and fittings	474	Depreciated Replacement Cost	Purchase Price Remaining useful life Residue Value
Community Land	13,037	Valuer General	Rateable Land Values
Land Under Road	19	Valuer General	Rateable Land Values
Land improvements – depreciable	3,688	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful Life
Buildings – specialised	30,029	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful Life
Other structures	18,624	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful Life
Roads, bridges and footpaths	389,760	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful Life
Bulk earthworks	203,230	Depreciated Replacement Cost	Gross Replacement Cost
Stormwater drainage	45,902	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
Water supply network	41,529	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
Sewerage network	38,775	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
Swimming Pools	–	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
Tips and Quarries	2,540	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
Other Assets	783	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
<b>Non-current assets classified as 'held for sale'</b>			
Shares	–	Original Purchase Price	Current value indefinable as not traded in an active share market

## 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:

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Community Land	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>12,501</b>	10,451	<b>1,503</b>	1,202	<b>510</b>	330	<b>11,740</b>	11,740
<b>Total gains or losses for the period</b>								
Other Movement - CMCC Transfer <sup>1</sup>	-	279	-	-	-	-	-	-
<b>Other movements</b>								
Purchases (GBV)	<b>1,899</b>	3,725	<b>357</b>	549	<b>3</b>	230	<b>1,297</b>	-
Disposals (WDV)	<b>(406)</b>	(534)	<b>(9)</b>	-	<b>-</b>	-	<b>-</b>	-
Depreciation and impairment	<b>(1,425)</b>	(1,420)	<b>(293)</b>	(248)	<b>(39)</b>	(50)	<b>-</b>	-
Revaluation Movement - Income Statement	-	-	-	-	-	-	-	-
Other	-	-	<b>10</b>	-	<b>-</b>	-	<b>-</b>	-
<b>Closing balance</b>	<b>12,569</b>	12,501	<b>1,568</b>	1,503	<b>474</b>	510	<b>13,037</b>	11,740

(1) FV gains recognised in the Income Statement relating to assets still on hand at year end total

\$ '000	Land improvement depreciable		Building specialised		Other structures		Roads, bridges and footpaths	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>3,807</b>	3,933	<b>23,964</b>	20,915	<b>15,948</b>	14,573	<b>268,027</b>	267,781
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	-	-	<b>8,231</b>	4,365	<b>3,449</b>	1,920	<b>13,138</b>	15,279
Disposals (WDV)	-	-	<b>(572)</b>	(122)	<b>(19)</b>	(47)	<b>(2,844)</b>	(4,673)
Depreciation and impairment	<b>(119)</b>	(126)	<b>(1,292)</b>	(1,194)	<b>(746)</b>	(498)	<b>(10,174)</b>	(10,360)
Revaluation Movement - Equity	-	-	-	-	-	-	<b>13,471</b>	-
Revaluation Movement - Income Statement	-	-	-	-	-	-	<b>(2,507)</b>	-
Reinstatement	-	-	-	-	-	-	<b>110,815</b>	-
Other	-	-	<b>(302)</b>	-	<b>(8)</b>	-	<b>(166)</b>	-
<b>Closing balance</b>	<b>3,688</b>	3,807	<b>30,029</b>	23,964	<b>18,624</b>	15,948	<b>389,760</b>	268,027

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>293,193</b>	292,733	<b>43,163</b>	42,049	<b>40,744</b>	41,206	<b>38,812</b>	38,927
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	<b>168</b>	2,517	<b>3,034</b>	1,695	<b>1,625</b>	340	<b>578</b>	466
Disposals (WDV)	-	(2,057)	-	(5)	<b>(23)</b>	(14)	<b>(4)</b>	(4)
Depreciation and impairment	-	-	<b>(622)</b>	(576)	<b>(1,166)</b>	(1,180)	<b>(965)</b>	(952)
Revaluation Movement - Equity	<b>20,684</b>	-	<b>397</b>	-	<b>375</b>	392	<b>354</b>	375
Revaluation Movement - Income Statement	-	-	-	-	-	-	-	-
Reinstatement	<b>(110,815)</b>	-	-	-	-	-	-	-
Other	-	-	<b>(70)</b>	-	<b>(26)</b>	-	-	-
<b>Closing balance</b>	<b>203,230</b>	293,193	<b>45,902</b>	43,163	<b>41,529</b>	40,744	<b>38,775</b>	38,812

\$ '000	Swimming pools		Tip and quarry assets		Other assets		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	-	5	<b>1,046</b>	1,344	<b>792</b>	716	<b>755,750</b>	<b>747,905</b>

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## E2-1 Fair value measurement (continued)

\$ '000	Swimming pools		Tip and quarry assets		Other assets		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Other Movement - CMCC								
Transfer <sup>1</sup>	-	-	-	-	-	-	-	279
Purchases (GBV)	-	-	-	-	53	152	33,832	31,238
Disposals (WDV)	-	-	-	-	-	-	(3,877)	(7,456)
Depreciation and impairment	-	(5)	(36)	(40)	(81)	(76)	(16,958)	(16,725)
Revaluation Movement - Equity	-	-	-	-	-	-	35,281	767
Revaluation Movement - Income Statement	-	-	-	-	-	-	(2,507)	-
Reinstatement	-	-	1,530	(258)	-	-	1,530	(258)
Other	-	-	-	-	19	-	(543)	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>2,540</b>	<b>1,046</b>	<b>783</b>	<b>792</b>	<b>802,508</b>	<b>755,750</b>

(1) FV gains recognised in the Income Statement relating to assets still on hand at year end total

### 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

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

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

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

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

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund. The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working lifetime of a typical new entrant is calculated. The current standard employer contribution rates are:

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

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

The additional lump sum contribution is around 0.22% of the total additional lump sum contributions for all Pooled Employers (\$40.0 million until 30 June 2021) apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

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

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses. However, there is no relief under the fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the council.

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

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense and disclosed as part of the superannuation expenses in Note B3-1 for the year ending 30 June 2021 was \$188,417. The last valuation of the Scheme was performed by Actuary, Mr. Richard Boyfield for the year ended 30 June 2020.

Murray River Council's expected contribution to the plan for the next annual reporting period is \$89,100.

The estimated employer reserves financial position for the pooled employees at 30 June 2021 is:

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

\* excluding member accounts and reserves on both assets and liabilities



## E3-1 Contingencies (continued)

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

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

Investment return	5.75% per annum
Salary inflation	3.50% per annum
Increase in CPI	2.50% per annum

\*Plus promotional increases

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

### (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 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

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

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

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

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

## E3-1 Contingencies (continued)

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### 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 June 2008.

#### (ii) Infringement notices/fines

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

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

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

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

#### (iii) Mortgage over property

As at 30 June 2021, Council held a first mortgage over property located at Midland Highway Gheringhap VIC 3331. This first mortgage is in place as part of a development application for the construction of an ethanol plant in Moama, whereby Council paid for development fees and other associated costs under the application process in return for a first mortgage over property. This ethanol plant is now not proceeding as at 30 June 2021 to construction phase. Council has commenced legal proceedings to recover the funds owed under the agreement as the deferred debtor of \$1.001 million remains unpaid by the applicant as at 30 June 2021.

The valuation of the Midland Highway Gheringhap property is \$1.575 million as at 26th May 2021. Council has commenced legal action to recover the deferred debtor either through repayment of the deferred debtor amount (including interest) or by sale of the property used as collateral.

Council recognises this debtor as part of its receivables current balance as shown in Note C1-4.

## 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 amount of KMP compensation included in Income Statement:

\$ '000	2021	2020
Short-term benefits	1,127	1,036
Post-employment benefits	124	127
Other long-term benefits	12	205
Termination benefits	354	153
<b>Total</b>	<b>1,617</b>	<b>1,521</b>

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

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

Nature of the transaction		Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref					
<b>2021</b>						
Deferred debtor loan	1	15	-		-	-
<b>2020</b>						
Venue hire and catering		8	-		-	-
Deferred debtor loan	1	70	-		-	-

1. A KMP has purchased land from Council at arm's length.

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

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	26	27
Councillors' fees	109	109
Other Councillors' expenses (including Mayor)	128	67
<b>Total</b>	<b>263</b>	<b>203</b>

### F1-3 Other related parties

\$ '000	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
<b>2021</b>					
Plant maintenance and servicing	–	–	Normal creditor terms	–	–
<b>2020</b>					
Plant maintenance and servicing	1	–	Normal creditor terms	–	–

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2021	2020
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

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

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

Audit and review of financial statements

70	124
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#### Remuneration for audit and other assurance services

70	124
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#### Total Auditor-General remuneration

70	124
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#### Non NSW Auditor-General audit firms

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

Internal audit services

12	40
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#### Remuneration for audit and other assurance services

12	40
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##### (ii) Non-assurance services

Internal Audit Committee

28	18
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#### Remuneration for non-assurance services

28	18
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#### Total remuneration of non NSW Auditor-General audit firms

40	58
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#### Total audit fees

110	182
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## G Other matters

### G1-1 Statement of Cash Flows information

#### (a) Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>8,148</b>	8,884
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	17,334	17,064
Net losses/(gains) on disposal of assets	3,236	5,898
Non-cash capital grants and contributions	(4,507)	(2,641)
Adoption of AASB 15/1058	–	(11,066)
Distribution of CMCC net share	–	348
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	2,507	–
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	22	13
Unwinding of discount rates on reinstatement provisions	2	6
Share of net (profits)/losses of associates/joint ventures using the equity method	(24)	17
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	1,386	(2,260)
Increase/(decrease) in provision for impairment of receivables	(32)	–
Decrease/(increase) in inventories	(70)	(20)
Decrease/(increase) in other current assets	160	(147)
Increase/(decrease) in payables	(85)	(38)
Increase/(decrease) in other accrued expenses payable	(157)	(5)
Increase/(decrease) in other liabilities	(209)	459
Increase/(decrease) in contract liabilities	1,440	2,994
Increase/(decrease) in provision for employee benefits	(209)	260
Increase/(decrease) in other provisions	1,531	(240)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>30,473</b>	<b>19,526</b>

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

Developer contributions 'in kind'	4,507	2,641
<b>Total non-cash investing and financing activities</b>	<b>4,507</b>	<b>2,641</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	1,293	104
Plant and equipment	19	–
Water Supply	–	2,981
Other	2,103	231
<b>Total commitments</b>	<b>3,415</b>	<b>3,316</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	3,415	3,316
<b>Total payable</b>	<b>3,415</b>	<b>3,316</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	1,560	–
Unexpended grants	1,377	315
Externally restricted reserves	478	2,981
Internally restricted reserves	–	20
<b>Total sources of funding</b>	<b>3,415</b>	<b>3,316</b>

#### Details of capital commitments

Technology One Council software implementation \$2,103k, Barham micro abattoir \$1,293k and mobile library truck fitout \$19k.

## G3-1 Events occurring after the reporting date

Council is aware of the following 'non-adjusting events' that merit disclosure:

#### (i) Mortgage over property

As disclosed under E3-1 and as part of the receivables balance under Note C1-4, Council has a mortgage over property located at Midland Highway Gheringhap VIC 3331. This first mortgage is in place for a deferred debtor loan for the development application of an ethanol plant. This development application is not proceeding and Council had commenced legal proceeding to recover the funds owed and an auction date was set for the 13 December 2021.

As at 13 December 2021, Council has received an offer from an interested party and as a result has agreed to the sale of the property prior to auction. The proposed offer will allow Council to fully recover the deferred debtor amount owing, plus interest up to settlement date, legal and other associated costs. The sale is expected to settle on the 21 December 2021.



## G4 Statement of developer contributions as at 30 June 2021

### G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	69	20	–	1	(2)	–	88	–
Roads	1,210	323	–	8	(144)	–	1,397	–
Open space	125	39	–	1	(8)	–	157	–
Community facilities	46	30	–	–	–	–	76	–
Domestic Waste	56	36	–	1	(5)	–	88	–
<b>S7.11 contributions – under a plan</b>	<b>1,506</b>	<b>448</b>	<b>–</b>	<b>11</b>	<b>(159)</b>	<b>–</b>	<b>1,806</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>319</b>	<b>47</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>368</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>1,825</b>	<b>495</b>	<b>–</b>	<b>13</b>	<b>(159)</b>	<b>–</b>	<b>2,174</b>	<b>–</b>
S7.11 not under plans	16	–	–	–	–	–	16	–
S64 contributions	1,357	953	–	6	(1,061)	–	1,255	–
<b>Total contributions</b>	<b>3,198</b>	<b>1,448</b>	<b>–</b>	<b>19</b>	<b>(1,220)</b>	<b>–</b>	<b>3,445</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.

### G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN (former Murray Shire)</b>								
Drainage	63	11	–	1	(2)	–	73	–
Roads	869	253	–	6	(73)	–	1,055	–
Open space	120	34	–	1	(8)	–	147	–
Community facilities	20	24	–	–	–	–	44	–
Domestic Waste	56	36	–	1	(5)	–	88	–
<b>Total</b>	<b>1,128</b>	<b>358</b>	<b>–</b>	<b>9</b>	<b>(88)</b>	<b>–</b>	<b>1,407</b>	<b>–</b>
<b>CONTRIBUTION PLAN (former Wakool)</b>								
Drainage	6	9	–	–	–	–	15	–
Roads	341	70	–	2	(71)	–	342	–
Open space	5	5	–	–	–	–	10	–

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## G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Community facilities	26	6	-	-	-	-	32	-
<b>Total</b>	<b>378</b>	<b>90</b>	<b>-</b>	<b>2</b>	<b>(71)</b>	<b>-</b>	<b>399</b>	<b>-</b>

## S7.12 Levies – under a plan

### CONTRIBUTION PLAN (former Murray Shire)

Community facilities	319	47	-	2	-	-	368	-
<b>Total</b>	<b>319</b>	<b>47</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>368</b>	<b>-</b>

## G4-3 Contributions not under plans

### S94 CONTRIBUTIONS – NOT UNDER A PLAN (former Wakool)

Kerb & Gutter	16	-	-	-	-	-	16	-
<b>Total</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>

## G4-4 S64 contributions

### S64 contributions (former Murray Shire)

Sewer	651	219	-	5	(23)	-	852	-
Water	344	459	-	-	(803)	-	-	-
<b>Total</b>	<b>995</b>	<b>678</b>	<b>-</b>	<b>5</b>	<b>(826)</b>	<b>-</b>	<b>852</b>	<b>-</b>

### S64 contributions (former Wakool)

Sewerage	286	142	-	2	(77)	-	353	-
Water	76	132	-	-	(158)	-	50	-
<b>Total</b>	<b>362</b>	<b>274</b>	<b>-</b>	<b>2</b>	<b>(235)</b>	<b>-</b>	<b>403</b>	<b>-</b>

## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020      2019		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(5,384)</b>	<b>(11.51)%</b>	(14.23)%	(3.12)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>46,779</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>28,867</b>	<b>43.70%</b>	40.53%	47.50%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>66,060</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>29,686</b>	<b>3.53x</b>	3.46x	4.09x	> 1.50x
Current liabilities less specific purpose liabilities	<b>8,417</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>12,083</b>	<b>16.39x</b>	13.90x	16.56x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>737</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>2,066</b>	<b>10.19%</b>	11.54%	9.51%	< 10.00%
Rates and annual charges collectable	<b>20,280</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>52,667</b>	<b>16.27</b>	15.99	23.97	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>3,236</b>	<b>mths</b>	mths	mths	mths

(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

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(18.76)%</b>	(21.80)%	<b>14.55%</b>	15.62%	<b>21.07%</b>	19.38%	> 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>	<b>36.79%</b>	33.01%	<b>78.25%</b>	83.66%	<b>79.77%</b>	83.67%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>3.53x</b>	3.46x	<b>23.43x</b>	95.78x	<b>123.56x</b>	315.83x	> 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>	<b>11.30x</b>	9.37x	∞	1,993.00x	∞	∞	> 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>10.32%</b>	12.09%	<b>10.20%</b>	10.52%	<b>9.52%</b>	9.65%	< 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	<b>15.96 mths</b>	13.67 mths	∞	∞	∞	∞	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

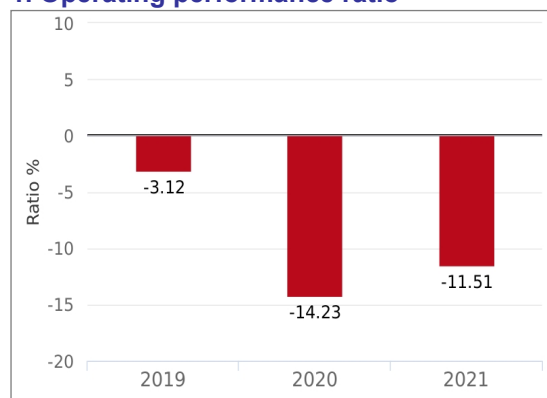
(1) - (2) Refer to Notes at Note 26a above.

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

## 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 2020/21 result

2020/21 ratio (11.51)%

Operating performance continues to perform under the threshold of 0 or above. This is mainly due to an overall increase in materials and contracts, whilst overall revenue remains consistent when compared to the 2019/20 financial year.

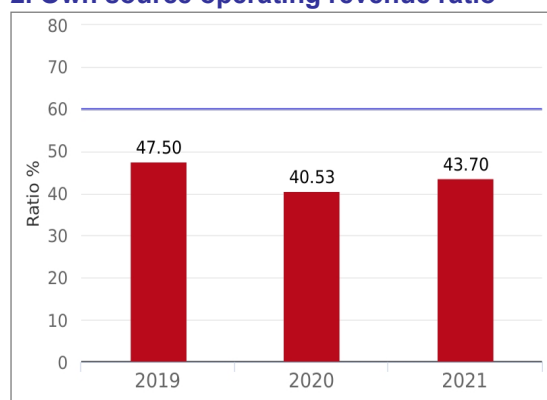
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



#### Purpose of own source operating revenue ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 43.70%

Council continues to rely heavily on grant funding, which results in this ratio being below the minimum 60% benchmark. Council will struggle to achieve this benchmark as it has reliance on grant funding to function due to the low rate base to levy rates and annual charges.

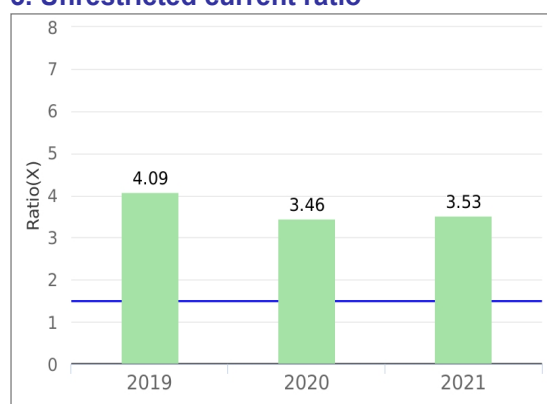
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 3.53x

This benchmark continues to perform well. A slight decrease on the prior 2019/20 financial year result and showing a decline over the four year period. However, decline on previous years has stabilised in the 2020/21 year.

Benchmark: — > 1.50x

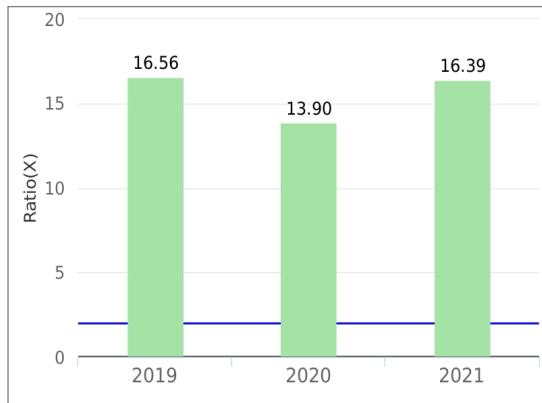
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

# 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 2020/21 result**

2020/21 ratio 16.39x

This ratio remains consistently strong and shows Council can cover its debt servicing obligations.

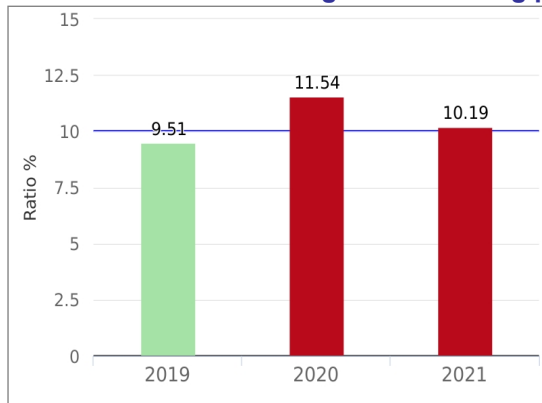
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 5. Rates and annual charges outstanding percentage



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

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

**Commentary on 2020/21 result**

2020/21 ratio 10.19%

COVID-19 pandemic resulted in the 2019/20 financial year spike to 11.54%. Council has been able to bring this down to 10.19%, slightly above the 10% benchmark for a Rural Council. Council continues to work with ratepayers to reduce their outstanding rates and annual charges amounts.

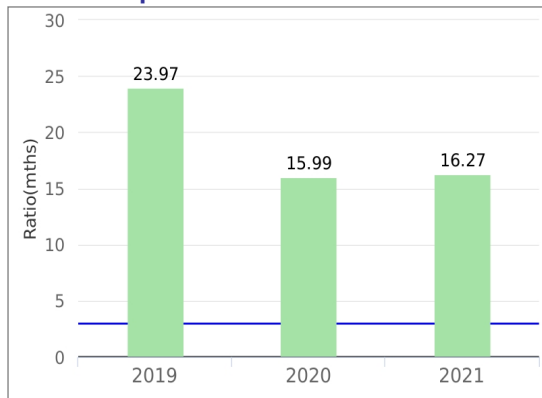
Benchmark: — < 10.00%

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 2020/21 result**

2020/21 ratio 16.27 mths

This ratio is above the minimum benchmark of three months. No significant change on previous 2019/20 financial year. Continues to be lower than the 2018/19 financial year due to Council expended a significant amount of unspent grant funding in the 2019/20 financial year in relation to the Stronger Country Funds and Stronger Communities Funds.

Benchmark: — > 3.00mths

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:

52 Perricoota Road  
Moama NSW 2731

### Contact details

Mailing Address:  
PO Box 906  
Moama NSW 2731

**Telephone:** 1300 087 004

### Opening hours:

Opening hours for all service centres are  
Monday to Friday 9.00 am to 4.00 pm

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

**Email:** [admin@murrayriver.nsw.gov.au](mailto:admin@murrayriver.nsw.gov.au)

### Officers

#### CHIEF EXECUTIVE OFFICER

Terry Dodds

#### RESPONSIBLE ACCOUNTING OFFICER

Terry Dodds

#### PUBLIC OFFICER

Terry Dodds

#### AUDITORS

Auditor General  
GPO Box 12  
SYDNEY NSW 2001

### Elected members

#### MAYOR

Chris Bilkey

#### COUNCILLORS

Alan Mathers (Deputy Mayor)  
Nikki Cohen  
Ann Crowe  
Gen Campbell  
Neil Gorey  
Tony Aquino  
Geoff Wise  
Thomas Weyrich

### Other information

**ABN:** 30 30 8161 484



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

To the Councillors of the Murray River Council

## Opinion

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

In my opinion:

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

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

## Basis for Opinion

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

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

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

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



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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

21 December 2021  
SYDNEY



Cr Chris Bilkey  
Mayor  
Murray River Council  
PO Box 906  
MOAMA NSW 2731

Contact: Chariee Bultitude  
Phone no: (02) 9275 7104  
Our ref: D2128030/1763

21 December 2021

Dear Mayor

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

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2021 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 issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

### **Rural fire-fighting equipment not recognised in the financial statements**

Council did not record rural fire-fighting equipment in the financial statements.

Rural fire fighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the *Rural Fires Act 1997* and service agreements between councils and the RFS.

The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the NSW Rural Fire Service.

## Fair value and impairment assessment – infrastructure, property, plant & equipment

Council engaged an external valuer to perform a revaluation on all the transportation assets. A number of issues in Council's asset valuation procedures were identified, including material errors in the valuation process and asset reconciliations. These issues were corrected by Council in the financial statements.

## Management of infrastructure, property, plant and equipment

Council's accounting, assessment and recording procedures for infrastructure, property, plant and equipment (IPPE), highlighted a number of issues. These issues resulted in a number of errors identified in the valuation process and accounting for assets which subsequently required material adjustments to the financial statements.

Policies and procedures to support the asset process and preparation of the financial statements requires Council to conduct a review and update documentation.

## INCOME STATEMENT

### Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	18.0	17.1	↑ 5.3
Grants and contributions revenue	37.2	38.2	↓ 2.6
Operating result from continuing operations	8.1	8.9	↓ 9.0
Net operating result before capital grants and contributions	(11.1)	(12.1)	↑ 8.3

The Council's operating result from continuing operations (\$8.1 million including depreciation and amortisation expense of \$19.8 million) was \$0.8 million lower than the 2020–21 result. This was due to an increase in depreciation expenses after the asset revaluation.

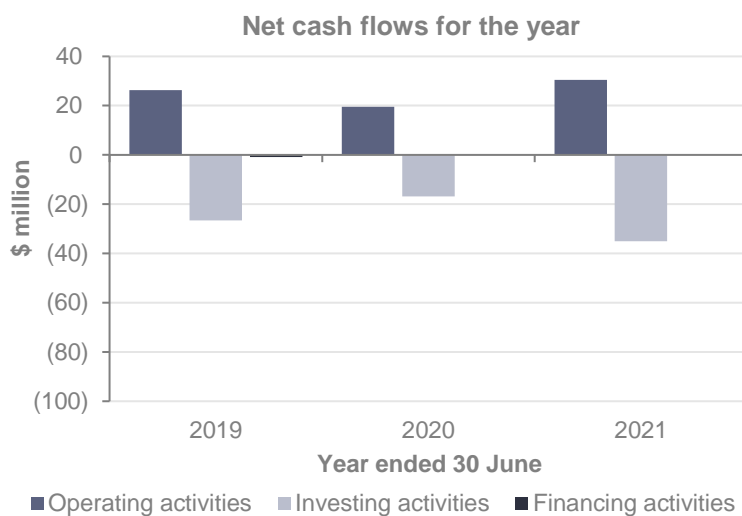
The net operating result before capital grants and contributions (\$11.1 million) improved by \$1.0 million compared to the 2020–21 result. This was due to an increase in user charges and fees.

Rates and annual charges revenue (\$18.0 million) increased by \$0.9 million (5.3 per cent) in 2020–21 due the increase in ordinary rates with the 2.6 per cent rate peg and a rise in the total number of rateable properties.

Grants and contributions revenue (\$37.2 million) decreased by \$1.0 million (2.5 per cent) in 2020–21 due to the reduction in amounts received in relation to the Stronger Communities fund.

## STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$1.9 million at 30 June 2021 (\$6.3 million at 30 June 2020). There was a decrease in cash and cash equivalents of \$4.4 million during 2020-21 financial year due to higher transfers to investments.
- Net cash provided by operating activities has increased by \$10.9 million. This is mainly due to the increase in rates and annual charges and grants and contributions.
- Net cash used in investing activities has increased by \$18.2 million, which is mainly driven by the purchase of additional term deposits.
- Net cash from financing activities decreased by \$1.9 million, which is mainly driven by lower proceeds from borrowings in 2021.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>52.7</b>	<b>50.8</b>	<ul style="list-style-type: none"> <li>• Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$2.2 million is primarily due to the sewer fund related restrictions.</li> <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 decrease of \$0.9 million in the internal restrictions is primarily due to the decrease in restrictions for waste management.</li> <li>• Unrestricted cash and investments was reported as \$1.8 million. This is a \$0.4 million improvement in unrestricted cash and investments.</li> </ul>
Restricted cash and investments:			
• External restrictions	30.7	28.5	
• Internal restrictions	20.1	21.0	
• Unrestricted	1.8	1.4	

### Debt

Council has \$3.8 million of external borrowings (\$3.7 million in 2020) which is secured over the revenue of Council. Council repaid \$0.6 million of external borrowings and entered into a new loan for \$0.5 million.

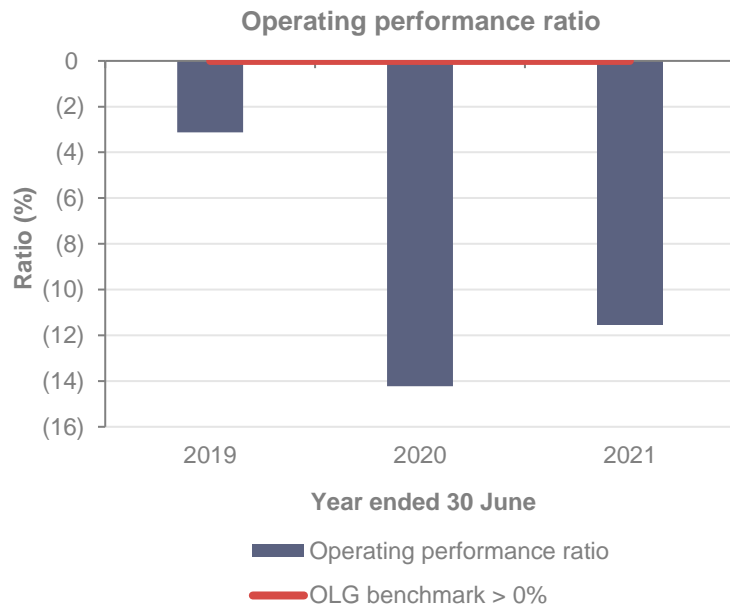
# PERFORMANCE

## Performance measures

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

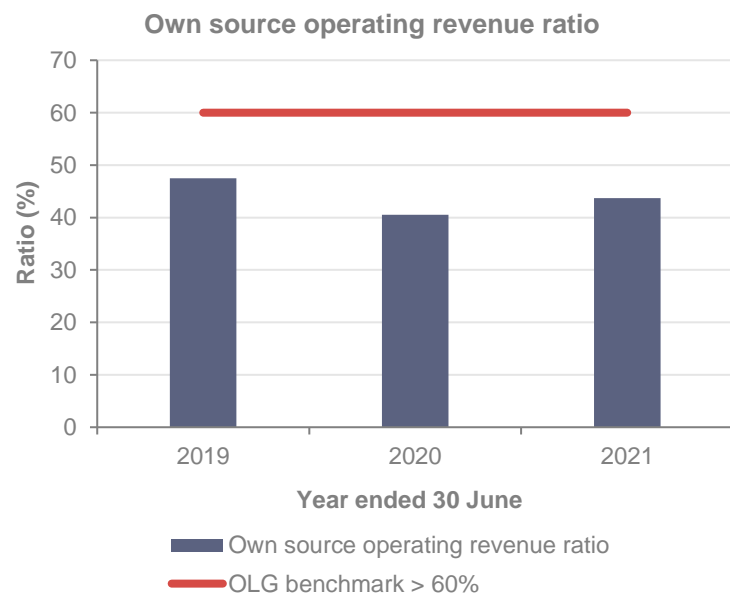
### Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The Council did not meet the OLG benchmark for the current reporting period.
- The operating performance ratio improved to -11.5 per cent (2020: -14.2 per cent) due to an increase in rates and annual charges and user charges and fees.



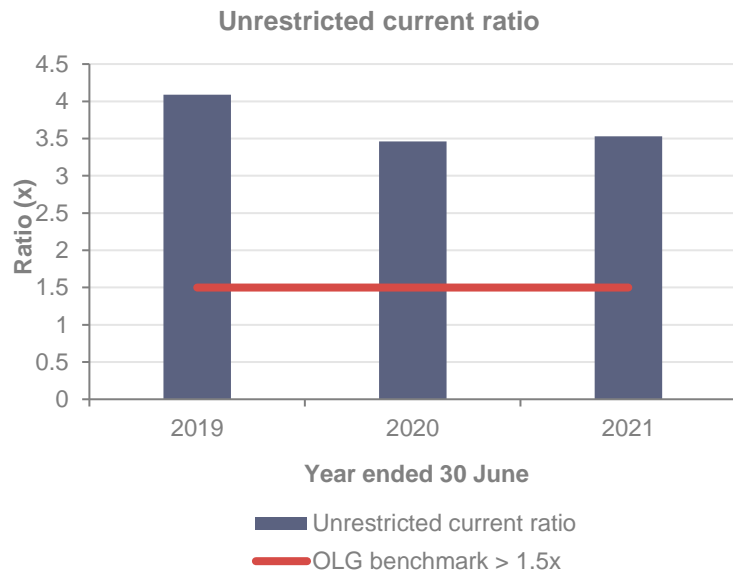
### Own source operating revenue ratio

- 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 of 43.7 per cent is relatively consistent with the prior year (40.5 per cent).



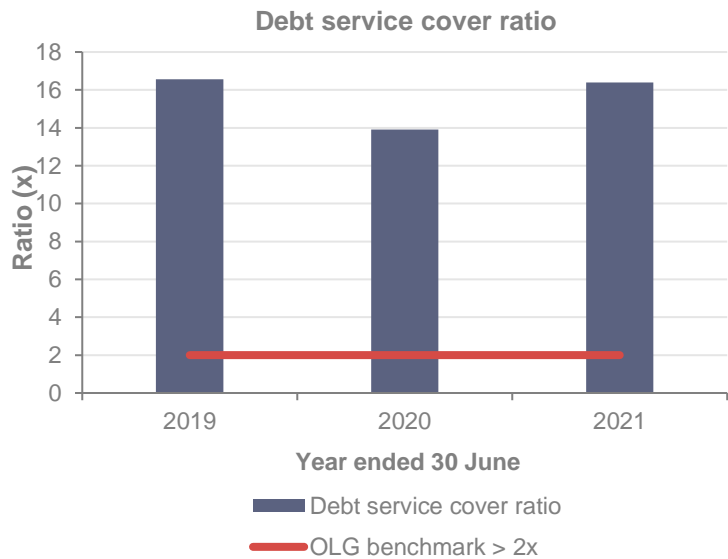
### Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council exceeded the OLG benchmark for the current reporting period.
- Council's unrestricted current ratio has increased slightly to 3.53 times (2020: 3.46 times) due to an increase in unrestricted current assets.



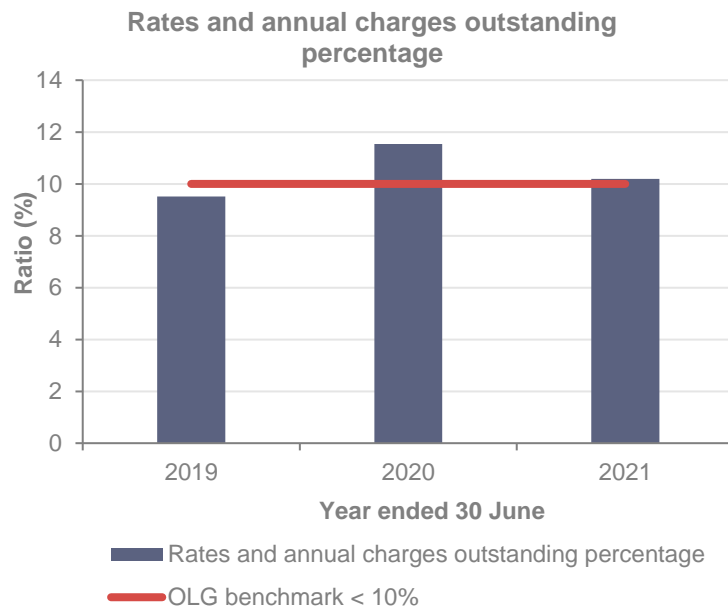
### Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council exceeded the OLG benchmark for the current reporting period.
- Council's debt service cover ratio increased to 16.4 times (2020: 13.9 times) due to lower repayment of borrowings.



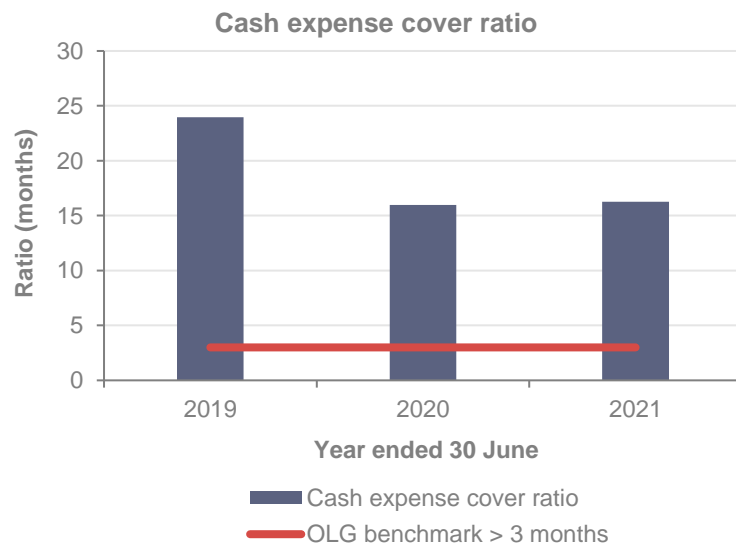
## Rates and annual charges outstanding percentage

- 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 exceeded the OLG benchmark for the current reporting period which demonstrates an opportunity for improvement in Council's debt recovery procedures.



## Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council exceeded the OLG benchmark for the current reporting period.
- The cash expense cover ratio increased to 16.3 months (2020: 16.0 months).



## Infrastructure, property, plant and equipment renewals

The Council renewed \$12.5 million of assets in the 2020-21 financial year, compared to \$20.6 million of assets in the 2019-20 financial year. The decrease is primarily due to:

- \$1.4 million less capital work in progress renewals that were in progress at year-end
- \$2.4 million reduction in the renewal of plant and equipment
- \$2.0 million reduction in bulk earthworks renewals.



## OTHER MATTERS

### Legislative compliance

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

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



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

cc: Mr Terry Dodds, General Manager  
Mr Richard Ham, Audit, Risk and Improvement Committee Chair  
Stephen Fernando, Director of Corporate Services  
Kris Kershaw, Finance Manager  
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

# Murray River Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021

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# Murray River Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

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### 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).

## Murray River Council

### Special Purpose Financial Statements

for the year ended 30 June 2021

### Statement by Councillors and Management

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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:**

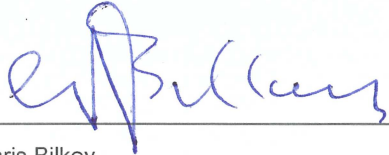
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- 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 23 November 2021.**



Chris Bilkey

**Mayor**

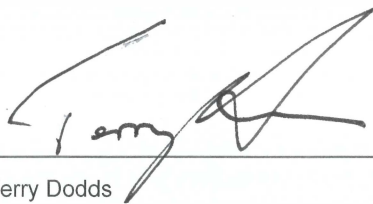
16 December 2021



Nikki Cohen

**Councillor**

16 December 2021



Terry Dodds

**CEO and Responsible Accounting Officer**

16 December 2021

## Murray River Council

### Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	2,863	2,720
User charges	2,081	1,923
Fees	61	37
Interest	82	188
Grants and contributions provided for non-capital purposes	402	102
Other income	161	100
<b>Total income from continuing operations</b>	<b>5,650</b>	<b>5,070</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,748	1,698
Borrowing costs	-	1
Materials and services	1,229	839
Depreciation, amortisation and impairment	1,231	1,226
Water purchase charges	152	151
Loss on sale of assets	23	14
Calculated taxation equivalents	46	26
Other expenses	445	349
<b>Total expenses from continuing operations</b>	<b>4,874</b>	<b>4,304</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>776</b>	<b>766</b>
Grants and contributions provided for capital purposes	1,057	868
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,833</b>	<b>1,634</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,833</b>	<b>1,634</b>
Less: corporate taxation equivalent [based on result before capital]	(202)	(211)
<b>Surplus (deficit) after tax</b>	<b>1,631</b>	<b>1,423</b>
<b>Plus accumulated surplus</b>	<b>50,137</b>	<b>48,500</b>
<b>Plus/less: prior period adjustments</b>	<b>(1)</b>	<b>3</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	202	211
<b>Closing accumulated surplus</b>	<b>51,969</b>	<b>50,137</b>
<b>Return on capital %</b>	<b>1.6%</b>	<b>1.7%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,631	1,423
Less: capital grants and contributions (excluding developer contributions)	(1,057)	(868)
<b>Surplus for dividend calculation purposes</b>	<b>574</b>	<b>555</b>
<b>Potential dividend calculated from surplus</b>	<b>287</b>	<b>278</b>

## Murray River Council

### Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	2,628	2,493
User charges	120	13
Liquid trade waste charges	212	211
Fees	7	9
Interest	105	214
Grants and contributions provided for non-capital purposes	479	336
Other income	241	62
<b>Total income from continuing operations</b>	<b>3,792</b>	<b>3,338</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	822	948
Materials and services	888	535
Depreciation, amortisation and impairment	970	956
Loss on sale of assets	4	4
Calculated taxation equivalents	21	9
Other expenses	309	248
<b>Total expenses from continuing operations</b>	<b>3,014</b>	<b>2,700</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>778</b>	<b>638</b>
Grants and contributions provided for capital purposes	361	250
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,139</b>	<b>888</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,139</b>	<b>888</b>
Less: corporate taxation equivalent [based on result before capital]	(202)	(175)
<b>Surplus (deficit) after tax</b>	<b>937</b>	<b>713</b>
<b>Plus accumulated surplus</b>	<b>39,326</b>	<b>38,438</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	202	175
<b>Closing accumulated surplus</b>	<b>40,465</b>	<b>39,326</b>
<b>Return on capital %</b>	<b>1.9%</b>	<b>1.6%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	937	713
Less: capital grants and contributions (excluding developer contributions)	(361)	(250)
<b>Surplus for dividend calculation purposes</b>	<b>576</b>	<b>463</b>
<b>Potential dividend calculated from surplus</b>	<b>288</b>	<b>232</b>

## Murray River Council

### Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020 <sup>1</sup>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	623	3,689
Investments	7,788	5,108
Receivables	1,148	1,164
<b>Total current assets</b>	<b>9,559</b>	<b>9,961</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	47,157	44,213
Intangible assets	1,800	1,771
<b>Total non-current assets</b>	<b>48,957</b>	<b>45,984</b>
<b>Total assets</b>	<b>58,516</b>	<b>55,945</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	378	104
Income received in advance	30	–
<b>Total current liabilities</b>	<b>408</b>	<b>104</b>
<b>Total liabilities</b>	<b>408</b>	<b>104</b>
<b>Net assets</b>	<b>58,108</b>	<b>55,841</b>
<b>EQUITY</b>		
Accumulated surplus	51,969	50,137
Revaluation reserves	6,139	5,704
<b>Total equity</b>	<b>58,108</b>	<b>55,841</b>

(1) See Prior Period Adjustment Note for details regarding restatement.

## Murray River Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020 <sup>1</sup>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	401	3,709
Investments	12,210	7,316
Receivables	363	345
<b>Total current assets</b>	<b>12,974</b>	<b>11,370</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	39,995	40,037
<b>Total non-current assets</b>	<b>39,995</b>	<b>40,037</b>
<b>Total assets</b>	<b>52,969</b>	<b>51,407</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	105	36
<b>Total current liabilities</b>	<b>105</b>	<b>36</b>
<b>Total liabilities</b>	<b>105</b>	<b>36</b>
<b>Net assets</b>	<b>52,864</b>	<b>51,371</b>
<b>EQUITY</b>		
Accumulated surplus	40,465	39,326
Revaluation reserves	12,399	12,045
<b>Total equity</b>	<b>52,864</b>	<b>51,371</b>

(1) See Prior Period Adjustment Note for details regarding restatement.



## 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 Supply

Provision and distribution of water to the towns within the boundaries of the Council.

##### b. Sewerage

Treatment of wastewater to the towns within the boundaries of the Council.

#### Category 2

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

Council has no Category 2 Businesses.

### 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 (%)

## Note – Significant Accounting Policies (continued)

Corporate income tax rate – **27.5%**

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

In accordance with Crown Lands and Water (CLAW), 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 NSW Office of Water Guidelines to 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 NSW Office of 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 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'.

Such funds are subsequently available for meeting commitments or financing future investment strategies. The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

## Note – Significant Accounting Policies (continued)

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The rate of return is calculated as follows:

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

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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 0.88% at 30/6/20.

### (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 2021 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.



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Murray River Council

To the Councillors of the Murray River Council

### Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Murray River Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of each Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2021, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code).

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

### Basis for Opinion

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

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

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

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

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

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

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

## **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to the Significant accounting policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

My objectives are to:

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

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

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

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

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



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

21 December 2021  
SYDNEY

# Murray River Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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# Murray River Council

## Special Schedules

for the year ended 30 June 2021

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## Murray River Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	10,545	11,046
Plus or minus adjustments <sup>2</sup>	b	97	172
<b>Notional general income</b>	c = a + b	<b>10,642</b>	<b>11,218</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	277	224
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>10,919</b>	<b>11,442</b>
Plus (or minus) last year's carry forward total	l	128	1
<b>Sub-total</b>	n = (l + m)	<b>128</b>	<b>1</b>
<b>Total permissible income</b>	o = k + n	<b>11,047</b>	<b>11,443</b>
Less notional general income yield	p	11,046	11,438
<b>Catch-up or (excess) result</b>	q = o - p	<b>-</b>	<b>5</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>-</b>	<b>5</b>

#### Notes

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



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Murray River Council

To the Councillors of Murray River Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

## Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

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

My objectives are to:

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

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

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

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

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



Chariee Bultitude  
Delegate of the Auditor-General for New South Wales

21 December 2021  
SYDNEY

## Murray River Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance <sup>a</sup> \$ '000	2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Buildings	6,809	6,809	353	527	39,236	71,554	44.6%	31.7%	19.4%	4.3%	0.0%
	Buildings – non-specialised	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Buildings – specialised	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>6,809</b>	<b>6,809</b>	<b>353</b>	<b>527</b>	<b>39,236</b>	<b>71,554</b>	<b>44.6%</b>	<b>31.7%</b>	<b>19.4%</b>	<b>4.3%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	1,624	1,624	509	462	18,624	23,713	74.4%	18.7%	3.3%	3.6%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>1,624</b>	<b>1,624</b>	<b>509</b>	<b>462</b>	<b>18,624</b>	<b>23,713</b>	<b>74.4%</b>	<b>18.7%</b>	<b>3.3%</b>	<b>3.6%</b>	<b>0.0%</b>
<b>Roads</b>	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	17,087	17,087	2,043	3,171	296,661	410,352	60.1%	30.9%	7.9%	1.1%	0.0%
	Unsealed roads	4,041	4,041	1,136	1,787	27,486	46,791	8.7%	83.4%	7.5%	0.3%	0.1%
	Bridges	7,035	7,035	1,385	341	57,893	75,564	66.9%	29.1%	4.0%	0.1%	0.0%
	Footpaths	433	433	96	214	7,720	14,545	15.6%	54.0%	29.7%	0.7%	0.0%
	Other road assets	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	203,230	203,230	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	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>28,596</b>	<b>28,596</b>	<b>4,660</b>	<b>5,513</b>	<b>592,990</b>	<b>750,482</b>	<b>67.5%</b>	<b>26.1%</b>	<b>5.8%</b>	<b>0.6%</b>	<b>0.0%</b>
<b>Water supply network</b>	Water supply network	4,562	4,562	1,260	1,108	41,529	64,223	45.5%	44.5%	8.9%	1.1%	0.1%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>4,562</b>	<b>4,562</b>	<b>1,260</b>	<b>1,108</b>	<b>41,529</b>	<b>64,223</b>	<b>45.5%</b>	<b>44.5%</b>	<b>8.9%</b>	<b>1.1%</b>	<b>0.1%</b>
<b>Sewerage network</b>	Sewerage network	4,501	4,501	529	908	38,775	61,597	40.1%	47.0%	10.4%	2.0%	0.6%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>4,501</b>	<b>4,501</b>	<b>529</b>	<b>908</b>	<b>38,775</b>	<b>61,597</b>	<b>40.1%</b>	<b>47.0%</b>	<b>10.4%</b>	<b>2.0%</b>	<b>0.6%</b>
<b>Stormwater drainage</b>	Stormwater drainage	21	21	50	106	45,902	54,981	77.0%	22.1%	0.9%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>21</b>	<b>21</b>	<b>50</b>	<b>106</b>	<b>45,902</b>	<b>54,981</b>	<b>77.0%</b>	<b>22.1%</b>	<b>0.9%</b>	<b>0.0%</b>	<b>0.0%</b>

# Murray River Council

## Report on infrastructure assets as at 30 June 2021 (continued)

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
<b>Open space / recreational assets</b>	Swimming pools	225	225	–	2	–	550	0.0%	0.0%	0.0%	100.0%	0.0%	
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	
	<b>Sub-total</b>	<b>225</b>	<b>225</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>550</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	
<b>Other infrastructure assets</b>	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	
<b>Total – all assets</b>		<b>46,338</b>	<b>46,338</b>	<b>7,361</b>	<b>8,626</b>	<b>777,056</b>	<b>1,027,100</b>	<b>63.5%</b>	<b>28.5%</b>	<b>6.9%</b>	<b>1.1%</b>	<b>0.0%</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

## Murray River Council

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

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

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>12,522</b>	<b>70.16%</b>	136.06%	71.04%	>= 100.00%
Depreciation, amortisation and impairment	<b>17,848</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>46,338</b>	<b>5.88%</b>	2.60%	2.19%	< 2.00%
Net carrying amount of infrastructure assets	<b>788,590</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>8,626</b>	<b>117.19%</b>	100.00%	100.00%	> 100.00%
Required asset maintenance	<b>7,361</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>46,338</b>	<b>4.51%</b>	1.97%	1.65%	
Gross replacement cost	<b>1,027,100</b>				

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

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