

Murray River Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



Murray River Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Murray River Council

General Purpose Financial Statements

for the year ended 30 June 2022

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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.

Murray River Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2022.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Murray River Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements (continued)

Key Events of 2021-22

COVID-19

The COVID-19 global health crisis has had a continued impact on Council's operations for the 2021-22 financial year. The impact has been in the reduction in some revenue sources due to Council facilities been closed or having reduced utilisation.

Council also provides to the community support by way of deferral of rates, water and lease amounts due. The financial difficulty experienced by many ratepayers has led to a higher than normal level of outstanding collections for the financial year.

Murray River Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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:

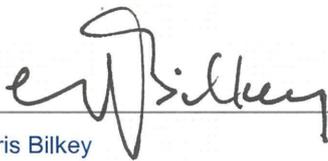
- the *Local Government Act 1993* (NSW) (as amended) and the regulations made there under,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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 18 October 2022.



Cr Chris Bilkey
Mayor
05 December 2022



Cr Frank Crawley
Councillor
05 December 2022



Mr Terry Dodds
Chief Executive Officer
05 December 2022



Mr Stephen Fernando
Responsible Accounting Officer
05 December 2022

Murray River Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		(3,427)	8,148
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	97,579	35,281
Other comprehensive income – joint ventures and associates	D2-2	–	(73)
Other movements Revaluation Intangible Assets	C1-7	139	29
Total items which will not be reclassified subsequently to the operating result		97,718	35,237
Total other comprehensive income for the year		97,718	35,237
Total comprehensive income for the year attributable to Council		94,291	43,385

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 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	2,401	1,907
Investments	C1-2	45,940	50,760
Receivables	C1-4	13,951	8,715
Inventories	C1-5	763	689
Other	C1-11	510	63
Total current assets		63,565	62,134
Non-current assets			
Investments	C1-2	2	2
Receivables	C1-4	719	1,345
Inventories	C1-5	641	1,055
Infrastructure, property, plant and equipment (IPPE)	C1-6	927,261	832,113
Intangible assets	C1-7	4,906	1,800
Total non-current assets		933,529	836,315
Total assets		997,094	898,449
LIABILITIES			
Current liabilities			
Payables	C3-1	6,197	5,897
Contract liabilities	C3-2	5,353	4,434
Lease liabilities	C2-1	192	192
Borrowings	C3-3	602	582
Employee benefit provisions	C3-4	4,236	3,940
Provisions	C3-5	71	–
Total current liabilities		16,651	15,045
Non-current liabilities			
Lease liabilities	C2-1	550	725
Borrowings	C3-3	2,650	3,251
Employee benefit provisions	C3-4	547	412
Provisions	C3-5	6,101	2,712
Total non-current liabilities		9,848	7,100
Total liabilities		26,499	22,145
Net assets		970,595	876,304
EQUITY			
Accumulated surplus		729,504	732,931
IPPE revaluation reserve	C4-1	241,091	143,373
Council equity interest		970,595	876,304
Total equity		970,595	876,304

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 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		732,931	143,373	876,304	724,856	108,063	832,919
Opening balance		732,931	143,373	876,304	724,856	108,063	832,919
Net operating result for the year		(3,427)	–	(3,427)	8,148	–	8,148
Net operating result for the period		(3,427)	–	(3,427)	8,148	–	8,148
Other comprehensive income							
– Gain/(loss) on revaluation of IPP&E	C1-6	–	97,579	97,579	–	35,281	35,281
– Joint ventures and associates	D2-2	–	–	–	(73)	–	(73)
– Other movements (Revaluation Intangible Assets)	C1-7	–	139	139	–	29	29
Other comprehensive income		–	97,718	97,718	(73)	35,310	35,237
Total comprehensive income		(3,427)	97,718	94,291	8,075	35,310	43,385
Closing balance at 30 June		729,504	241,091	970,595	732,931	143,373	876,304

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 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
18,726	Rates and annual charges		17,780	18,111
6,858	User charges and fees		7,336	9,115
389	Interest received		343	646
29,898	Grants and contributions		30,451	36,317
–	Bonds, deposits and retentions received		577	–
1,069	Other		5,143	4,515
<i>Payments:</i>				
(17,101)	Payments to employees		(17,605)	(17,524)
(10,273)	Payments for materials and services		(23,036)	(19,168)
(112)	Borrowing costs		(228)	(109)
–	Bonds, deposits and retentions refunded		(165)	(302)
(5,119)	Other		(1,346)	(1,128)
24,335	Net cash flows from operating activities	G1-1	19,250	30,473
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		35,476	37,350
157	Sale of real estate assets		898	1,691
883	Proceeds from sale of IPPE		382	1,285
–	Deferred debtors receipts		1,353	–
<i>Payments:</i>				
–	Purchase of investments		(30,656)	(43,597)
(34,732)	Payments for IPPE		(22,027)	(31,146)
–	Purchase of real estate assets		(254)	(218)
–	Purchase of intangible assets		(3,155)	–
–	Deferred debtors and advances made		–	(386)
(33,692)	Net cash flows from investing activities		(17,983)	(35,021)
Cash flows from financing activities				
<i>Receipts:</i>				
800	Proceeds from borrowings		–	725
<i>Payments:</i>				
(655)	Repayment of borrowings		(598)	(604)
–	Principal component of lease payments		(175)	–
145	Net cash flows from financing activities		(773)	121
(9,212)	Net change in cash and cash equivalents		494	(4,427)
2,186	Cash and cash equivalents at beginning of year		1,907	6,334
(7,026)	Cash and cash equivalents at end of year	C1-1	2,401	1,907
36,000	plus: Investments on hand at end of year	C1-2	45,942	50,762
28,974	Total cash, cash equivalents and investments		48,343	52,669

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 18 October 2022. 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.

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.

A1-1 Basis of preparation (continued)

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)

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2021:

- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- *AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]*
- *AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*
- *AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

None of these standards had a significant impact on reported position or performance.

Impact of COVID-19 on Council Operations

The COVID-19 epidemic has resulted in some additional costs this financial year in terms of vaccination and protective shields at customer counters as well as implementing COVID safety protocols throughout the Council's business premises.

Council's assets are not expected to experience an impairment of decline in value due to COVID-19 during this financial year.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
Governance	3	–	1,449	1,262	(1,446)	(1,262)	–	–	–	–
Administration	1,163	2,475	10,306	6,242	(9,143)	(3,767)	495	211	63,503	51,694
Public order and safety	457	534	1,528	2,044	(1,071)	(1,510)	425	501	4,515	2,601
Health	12	53	60	96	(48)	(43)	–	–	1,009	1,011
Environment	6,209	5,668	5,385	5,598	824	70	2,449	2,788	58,520	54,774
Community Services and Education	1,094	2,392	1,770	1,905	(676)	487	1,006	1,930	14,681	10,677
Housing and Community amenities	642	658	2,271	2,132	(1,629)	(1,474)	54	101	17,073	6,252
Water supplies	6,560	6,704	4,878	4,783	1,682	1,921	1,358	1,509	71,959	58,517
Sewerage services	3,840	4,153	2,733	2,659	1,107	1,494	917	885	62,902	52,969
Recreation and culture	1,604	4,778	8,194	5,654	(6,590)	(876)	1,470	4,356	68,234	48,999
Mining, manufacturing and construction	717	669	1,501	1,450	(784)	(781)	–	–	1,900	2,408
Transport and communication	16,679	15,249	26,586	21,801	(9,907)	(6,552)	16,431	14,541	617,211	599,309
Economic affairs	2,607	3,020	1,676	2,310	931	710	682	1,859	15,587	9,238
Share of gains / (losses) in association and joint ventures	–	24	–	–	–	24	–	–	–	–
General purpose income	23,323	19,707	–	–	23,323	19,707	11,775	8,512	–	–
Total functions and activities	64,910	66,084	68,337	57,936	(3,427)	8,148	37,062	37,193	997,094	898,449

B1-2 Components of functions or activities

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.

Business Intelligence

The Council has introduced a Business Intelligence team for implementation, management and in-house skills building of ERP focusing more objective outcomes from our IT infrastructure and data utilization.

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

B1-2 Components of functions or activities (continued)

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

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	2022	2021
Ordinary rates		
Residential	5,088	4,779
Farmland	5,373	5,306
Business	897	851
Less: pensioner rebates (mandatory)	(193)	(196)
Rates levied to ratepayers	11,165	10,740
Pensioner rate subsidies received	109	107
Total ordinary rates	11,274	10,847
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	1,753	1,558
Stormwater management services	127	123
Water supply services	2,201	2,804
Sewerage services	2,455	2,620
Waste management services (non-domestic)	139	130
Less: pensioner rebates (mandatory)	(259)	(251)
Annual charges levied	6,416	6,984
Pensioner subsidies received:		
– Water	47	48
– Sewerage	50	46
– Domestic waste management	48	44
Total annual charges	6,561	7,122
Total rates and annual charges	17,835	17,969

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	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	641	503
Water supply services	2	2,410	1,762
Sewerage services	2	318	332
Waste management services (non-domestic)	2	974	1,000
Other	2	–	37
Total specific user charges		4,343	3,634
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	342	544
Inspection services	2	14	20
Sub-division fees	2	333	282
Private works – section 67	2	185	251
Section 10.7 certificates (EP&A Act)	2	50	51
Section 603 certificates	2	59	61
Tapping fees	2	127	30
Town planning	2	392	404
Other	2	4	8
Health control	2	12	2
Animal control	2	19	26
Total fees and charges – statutory/regulatory		1,537	1,679
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aged care	2	376	320
Caravan park	2	100	99
Cemeteries	2	129	94
Child care	2	–	5
Gravel pits	2	–	99
Leaseback fees – Council vehicles	2	103	141
Library and art gallery	2	1	–
Park rents	2	63	1
Transport for NSW works (state roads not controlled by Council)	2	901	2,696
Swimming centres	2	–	9
Public halls	2	–	3
Special meter reading	2	31	25
Other	2	27	10
Total fees and charges – other		1,731	3,502
Total other user charges and fees		3,268	5,181
Total user charges and fees		7,611	8,815
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		7,611	8,815
Total user charges and fees		7,611	8,815

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.

B2-2 User charges and fees (continued)

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Aboriginal communities program	2	96	211
Commissions and agency fees	2	292	280
Energy Certificates	2	73	–
Fines	2	7	3
Insurance claims / rebates	2	212	159
Legal fees recovery – other	2	24	–
Legal fees recovery – rates and charges (extra charges)	2	11	58
OLG Rebate	2	35	–
Recycling income (non-domestic)	2	110	24
Sponsorship Funding	2	180	–
Ticket Sales	2	29	–
Traineeship Subsidy	2	36	–
Other	2	98	93
Water – meter rents / sundry income	2	66	77
Total other revenue		1,269	905
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		1,269	905
Total other revenue		1,269	905

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,975	1,942	–	–
Financial assistance – local roads component	2	1,665	2,104	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	4,567	2,900	–	–
Financial assistance – local roads component	2	2,568	1,433	–	–
Amount recognised as income during current year		11,775	8,379	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Aged care	2	913	853	–	168
Bushfire and emergency services	2	425	507	–	–
Community care	2	–	–	–	725
Economic development	2	30	578	652	1,739
Heritage and cultural	2	8	11	–	–
Library	2	–	–	–	218
Library – per capita	2	95	73	–	–
LIRS subsidy	2	16	(24)	–	–
Noxious weeds	2	190	124	–	–
Recreation and culture	2	37	122	791	1,493
Planning	2	–	–	–	36
Energy fuel rebate scheme	2	185	164	–	–
Waste management	2	101	219	–	49
River access	2	–	–	170	53
Street lighting	2	54	59	–	–
Youth services	2	30	19	–	–
Stronger communities fund	2	25	–	461	2,009
Transport (roads to recovery)	2	1,426	3,220	–	–
Transport (other roads and bridges funding)	2	356	232	2,351	2,382
Other specific grants	2	29	26	–	–
Previously contributions:					
Community services	2	30	–	–	–
Recreation and culture	2	–	–	–	20
Roads and bridges	2	–	24	5,862	2,113
Transport for NSW contributions (Block grant Regional, Urban and Rural roads)	2	2,715	3,258	–	1,452
Water supplies (excl. section 64 contributions)	2	–	–	220	466
Other contributions	2	90	–	85	23
Staff	2	–	27	–	–
Bike paths / pedestrian access	2	–	–	–	362
Drummuster	2	–	2	–	–
Transport (road safety officer)	2	79	–	–	–
Waste management	2	–	37	–	–
Donations	2	–	2	–	–
Total special purpose grants and non-developer contributions – cash		6,834	9,533	10,592	13,308
Non-cash contributions					
Other	2	13	–	–	27
Total other contributions – non-cash		13	–	–	27

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Total special purpose grants and non-developer contributions (tied)		6,847	9,533	10,592	13,335
Total grants and non-developer contributions		18,622	17,912	10,592	13,335
Comprising:					
– Commonwealth funding		12,447	8,845	1,678	5,625
– State funding		4,792	8,936	8,849	5,826
– Other funding		1,383	131	65	1,884
		18,622	17,912	10,592	13,335

Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G4					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	577	440
S 7.12 – fixed development consent levies		2	–	–	–	47
S 64 – water supply contributions		2	–	–	426	591
S 64 – sewerage service contributions		2	–	–	290	361
Total developer contributions – cash			–	–	1,293	1,439
Non-cash contributions						
Other developer/other contributions		2	–	–	6,555	4,507
Total developer contributions non-cash			–	–	6,555	4,507
Total developer contributions			–	–	7,848	5,946
Total contributions			–	–	7,848	5,946
Total grants and contributions			18,622	17,912	18,440	19,281
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			18,622	17,912	18,440	19,281
Total grants and contributions			18,622	17,912	18,440	19,281

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants				
Unspent funds at 1 July	614	2,113	4,325	2,827
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	-	-
Add: Funds received and not recognised as revenue in the current year	336	330	3,315	3,423
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	-	-	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	(236)	(1,829)	(2,647)	(1,925)
Unspent funds at 30 June	714	614	4,993	4,325
Unspent contributions				
Unspent funds at 1 July	-	-	3,445	3,200
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	1,336	874
Add: contributions received and not recognised as revenue in the current year	-	-	-	-
Add: 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	-	-	-	-
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	-	(629)
Unspent contributions at 30 June	-	-	4,781	3,445

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)

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	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	119	62
– Cash and investments	279	433
– Deferred debtors	65	78
Total interest and investment income (losses)	463	573
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	75	41
General Council cash and investments	283	327
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	24	12
– Section 64	16	6
Water fund operations	42	82
Sewerage fund operations	23	105
Total interest and investment income	463	573

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Rental income			
Other lease income			
Caravan parks		521	250
Room/Facility Hire		81	144
Other (vacant land, council owned staff housing, retirement units)		68	211
Total other lease income		670	605
Total rental income	C2-2	670	605
Total other income		670	605

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	15,011	14,063
Employee termination costs	233	400
Employee leave entitlements (ELE)	2,204	1,933
Superannuation	1,552	1,416
Superannuation – defined benefit plans	93	188
Workers' compensation insurance	791	1,055
Fringe benefit tax (FBT)	151	179
Payroll tax	70	79
Protective clothing	129	47
Other	33	5
Total employee costs	20,267	19,365
Less: capitalised costs	(2,263)	(2,103)
Total employee costs expensed	18,004	17,262
Number of 'full-time equivalent' employees (FTE) at year end	201	202
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	218	216

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	2022	2021
Raw materials and consumables		6,167	1,826
Contractor and consultancy costs		1,618	1,890
– Planning Consultants		324	261
– Waste Management Consultants		–	5
– Waste, Transfer Station & Recycling Collections Contractors		2,156	2,448
– IT Software Licences		474	483
– IT Cloud Contract and Managed Services		948	933
– Road & Bridges Contractors		949	960
– State Road Contractors		–	697
– Water Supply Contractors		179	440
– Wastewater Contractors		156	322
– Aged & Community Service Contractors		20	19
– Building Service & Maintenance Contractors		602	613
– Plant Fleet Contractors		21	145
– Swimming Pool Contractors		184	149
– Floodplain Management Contractors		–	6
– Asset Management Contractors		282	403
– Organisational Service Consultants		43	284
– Stronger Communities Service Contractors		–	6
Audit Fees	F2-1	205	110
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	234	263
Advertising		336	329
Bank charges		58	57
Election expenses		157	–
Electricity and heating		816	881
Fire control expenses		–	17
Insurance		922	954
Postage/freight		88	90
Printing and stationery		150	68
Street lighting		157	205
Subscriptions and publications		486	254
Telephone and communications		218	335
Valuation fees		67	69
Fire and emergency services levy (FESL) implementation costs		–	36
Travel expenses		59	37
Training costs (other than salaries and wages)		165	202
Other expenses		26	16
Vehicle registrations		186	155
Other		–	8
Legal expenses:			
– Legal expenses: planning and development		65	24
– Legal expenses: debt recovery		68	17
– Legal expenses: other		103	43
Leases expense:			
Expenses from short-term leases		274	237
Other		21	39
Total materials and services		18,984	16,336
Total materials and services		18,984	16,336

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on leases		–	–
Interest on loans		94	109
Total interest bearing liability costs		94	109
Total interest bearing liability costs expensed		94	109
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	134	2
Interest applicable on interest free (and favourable) loans to Council		17	22
Total other borrowing costs		151	24
Total borrowing costs expensed		245	133

Accounting policy

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

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		1,276	1,425
Office equipment		310	293
Furniture and fittings		43	39
Property, plant and equipment – leased		179	–
Land improvements (depreciable)		113	119
Infrastructure:	C1-6		
– Buildings – non-specialised		367	376
– Buildings – specialised		1,268	1,292
– Other structures		813	746
– Roads		13,918	8,712
– Bridges		1,255	1,282
– Footpaths		219	180
– Stormwater drainage		646	622
– Water supply network		1,189	1,166
– Sewerage network		965	965
Right of use assets	C2-1	–	–
Other assets:			
– Heritage collections		14	14
– Library books		1	1
– Other		65	66
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-6	237	26
– Quarry assets	C1-6	99	10
Total gross depreciation and amortisation costs		22,977	17,334
Total depreciation and amortisation costs		22,977	17,334
Impairment / revaluation decrement of IPPE			
Plant and equipment		1,836	–
Office equipment		193	–
Infrastructure:	C1-6		
– Other structures		1,211	–
– Footpaths		–	2,507
Intangible assets	C1-7	49	–
Total gross IPPE impairment / revaluation decrement costs		3,289	2,507
Total IPPE impairment / revaluation decrement costs charged to Income Statement		3,289	2,507
Total depreciation, amortisation and impairment for non-financial assets		26,266	19,841

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

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	2022	2021
Impairment of receivables			
User charges and fees		12	30
Total impairment of receivables	C1-4	12	30
Other			
Contributions/levies to other levels of government			
Contributions/levies to other levels of government		56	41
– Emergency services levy (includes FRNSW, SES, and RFS levies)		26	23
– NSW rural fire service levy		501	651
Donations, contributions and assistance to other organisations (Section 356)		165	383
Total other		748	1,098
Total other expenses		760	1,128

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	2022	2021
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	933
Less: carrying amount of property assets sold/written off		<u>(1,229)</u>	<u>(769)</u>
Gain (or loss) on disposal		<u>(1,229)</u>	<u>164</u>
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		382	352
Less: carrying amount of plant and equipment assets sold/written off		<u>(255)</u>	<u>(416)</u>
Gain (or loss) on disposal		<u>127</u>	<u>(64)</u>
Gain (or loss) on disposal of infrastructure			
	C1-6		
Less: carrying amount of infrastructure assets sold/written off		<u>(3,325)</u>	<u>(3,462)</u>
Gain (or loss) on disposal		<u>(3,325)</u>	<u>(3,462)</u>
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		898	1,691
Less: carrying amount of real estate assets sold/written off		<u>(549)</u>	<u>(1,565)</u>
Gain (or loss) on disposal		<u>349</u>	<u>126</u>
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		35,476	37,350
Less: carrying amount of investments sold/redeemed/matured		<u>(35,476)</u>	<u>(37,350)</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		–	–
Less: carrying amount of term deposits sold/redeemed/matured		<u>–</u>	<u>–</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Net gain (or loss) from disposal of assets		<u>(4,078)</u>	<u>(3,236)</u>

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Rates and annual charges	18,777	17,835	(942)	(5)% U
User charges and fees	6,842	7,611	769	11% F
Budget understated as a result of \$248k more received in water usage charges, \$120k for tapping fees, \$88k for sub-division fees, \$44k extra in cemetery fees and \$269k for sewerage services user charges.				
Other revenues	643	1,269	626	97% F
Actual result higher than budget due to, in part, 188k sponsorship for Darts competition/ Moama lights, \$159k insurance recoveries and 115k scrap metal sales.,				
Operating grants and contributions	16,866	18,622	1,756	10% F
Result was better than budget due to higher than expected advanced payment of the Financial Assistance Grant (advance payment is the 2022/23 financial year allocation paid in advance before 30 June 2022 - the amount increased from 50% to around 75% of Council total 2022/2 allocation).				
Capital grants and contributions	13,417	18,440	5,023	37% F
Council was successful in receiving grants during the 2021/22 financial year that were not part of the original budget. Gifted assets by developers (non-cash) of \$6,555k contributed to the overall better result.				
Interest and investment revenue	389	463	74	19% F
A better than expected result due to higher penalty interest on deferred debtor accounts and the resumption of outstanding rates interest (for the 2020/21 financial year, the six months July to December 2021 had a grace period applied for overdue interest due to COVID-19 pandemic).				
Other income	425	670	245	58% F
Actual includes a one-off \$198k adjustment in lease fees.				
Joint ventures and associates – net profits	–	–	–	∞ F

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	17,035	18,004	(969)	(6)% U
Materials and services	10,148	18,984	(8,836)	(87)% U
Overall shortfall in budget due to: 1. 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. 2. Original Budget should be \$14,483k - a difference of \$4,335k, which is to come from the Other Expenses budget. A change in where expenses are reported in the statements (most other expenses now appear under Materials and Contracts) is the result of this movement.				
Borrowing costs	111	245	(134)	(121)% U
The \$134k relates to unwinding of PV on remediation liabilities, being landfill and quarries.				
Depreciation, amortisation and impairment of non-financial assets	21,216	26,266	(5,050)	(24)% U
There was a revaluation decrement of IPPE for \$1,836k Plant and Equipment, \$193k Office Equipment and \$4,100k Footpaths. This comes to a total of \$6,129k. There was also Intangible assets amortisation expense of \$49k as well as an overall increase of \$300k to the rehabilitation assets depreciation expense, which both weren't apart of the original budget. The remaining \$1,129k (\$7,607k less \$6,129 less \$49k less \$300k) is the result of an overall shortfall in depreciation estimate when setting the budget.				
Other expenses	5,303	760	4,543	86% F
\$4,335k of the original budget \$5,303 is required to be reallocated to Materials and Contracts due to a change in where most Other Expenses are now recorded (under Materials and Contracts).				
Net losses from disposal of assets	-	4,078	(4,078)	∞ U
Statement of cash flows				
Cash flows from operating activities	24,335	19,250	(5,085)	(21)% U
Overall result, in part, due to lower than expected Grant and Contributions received by Council as at 30 June 2022 (cash received) of \$1,256k. Materials and contracts also higher than original forecast cash budget by \$1,878k.				
Cash flows from investing activities	(33,692)	(17,983)	15,709	(47)% F
Capital cash flow payment were budgeted as \$34,732k but only \$23,896k actually occurred - a difference of \$10,836k. Also, a difference in investments of \$9,976k was the result of a large than expected movement in investment total between 2021/22 and 2020/21 financial years.				
Cash flows from financing activities	145	(773)	(918)	(633)% U
Council did not proceed with a borrowing for \$800k, which was in the original budget.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	2,401	1,907
Total cash and cash equivalents	2,401	1,907

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	2,401	1,907
Balance as per the Statement of Cash Flows	2,401	1,907

Accounting policy

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

C1-2 Financial investments

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Long term deposits	45,940	–	50,760	–
Total	45,940	–	50,760	–
Equity securities at fair value through other comprehensive income				
Unlisted equity securities	–	2	–	2
Total	–	2	–	2
Total financial investments	45,940	2	50,760	2
Total cash assets, cash equivalents and investments	48,341	2	52,667	2

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

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 and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	48,343	52,669
Less: Externally restricted cash, cash equivalents and investments	<u>(33,539)</u>	<u>(30,748)</u>
Cash, cash equivalents and investments not subject to external restrictions	14,804	21,921
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>5,353</u>	4,434
External restrictions – included in liabilities	5,353	4,434
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	2,795	2,191
Developer contributions – water fund	478	50
Developer contributions – sewer fund	1,508	1,204
Specific purpose unexpended grants (recognised as revenue) – general fund	354	505
Water fund	7,849	8,361
Sewer fund	12,529	11,407
Special levies – land and water management	135	135
Crown land management	93	93
Unexpended Loans	639	700
Domestic waste management	1,742	1,620
Other	<u>64</u>	<u>48</u>
External restrictions – other	28,186	26,314
Total external restrictions	33,539	30,748

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

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	14,804	21,921
Less: Internally restricted cash, cash equivalents and investments	<u>(12,536)</u>	<u>(20,120)</u>
Unrestricted and unallocated cash, cash equivalents and investments	2,268	1,801

Internal allocations

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

Plant and vehicle replacement	972	1,221
Infrastructure replacement	–	1,981
Employees leave entitlement	1,220	2,168
Carry over works	1,450	473
Staff/other housing	–	131
Waste management	2,723	2,208
Community Services	290	316

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

\$ '000	2022	2021
Prepaid financial assistance grant (fag)	1,958	4,233
Town improvements	–	109
Cemetery improvements	100	136
Sand/gravel pit restorations	290	312
Parks, halls and reserves	363	603
Office equipment	185	432
Town planning	–	46
Stormwater drainage	101	84
Recreation and culture	421	431
Bush fire services	45	45
Roads	–	208
Retirement village	1,082	934
Levee bank	359	359
Insurance claims	–	163
Industrial development	–	1,167
Technology OneCouncil	182	835
Financial assistance grant	–	78
Election	–	75
Economic	153	293
Caravan park	331	282
Buildings	286	604
Other	25	193
Total internal allocations	12,536	20,120

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

\$ '000	2022	2021
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	2,268	1,801

C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Rates and annual charges	2,055	–	1,878	–
Interest and extra charges	378	–	274	–
User charges and fees	1,477	–	942	–
Accrued revenues				
– Interest on investments	148	–	132	–
– Other income accruals	1,154	–	323	–
Deferred debtors	261	675	1,001	1,288
Government grants and subsidies	4,166	–	2,987	–
Loans to non-profit organisations	22	44	22	57
Net GST receivable	3,795	–	663	–
Other debtors	626	–	614	–
Total	14,082	719	8,836	1,345
Less: provision for impairment				
Rates and annual charges	(86)	–	(86)	–
Other debtors	(45)	–	(35)	–
Total provision for impairment – receivables	(131)	–	(121)	–
Total net receivables	13,951	719	8,715	1,345
Externally restricted receivables				
Water supply				
– Rates and availability charges	297	–	323	–
– Other	2,089	–	825	–
Sewerage services				
– Rates and availability charges	270	–	274	–
– Other	239	–	89	–
Domestic waste management	208	–	189	–
Total external restrictions	3,103	–	1,700	–
Unrestricted receivables	10,848	719	7,015	1,345
Total net receivables	13,951	719	8,715	1,345

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	121	153
+ new provisions recognised during the year	12	35
– amounts already provided for and written off this year	(2)	(67)
Balance at the end of the year	131	121

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 successfully recovered the Principal, Interest and all Legal Costs relating to Murray River Energy. The collateral against this loan was liquidated which adequately covered Council's financial exposure towards this transaction and this matter is now closed.

Council has deferred debtors in relation to industrial land development. Council requires a deposit paid up-front, with the remaining amount owed to Council over a term of up to three (3) years. Penalty interest applies if debtor does not adhere to the agreed repayment schedule.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale	254	438	135	852
Stores and materials	509	–	554	–
Loose tools	–	203	–	203
Total inventories at cost	763	641	689	1,055
Total inventories	763	641	689	1,055

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Total unrestricted assets	763	641	689	1,055
Total inventories	763	641	689	1,055

(ii) Other disclosures

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(a) Details for real estate development					
Residential		254	438	–	–
Industrial/commercial		–	–	135	852
Total real estate for resale		254	438	135	852

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition costs		254	438	–	–
Development costs		–	–	135	852
Total costs		254	438	135	852
Total real estate for resale		254	438	135	852

Movements:

Real estate assets at beginning of the year		135	852	1,025	1,309
– WDV of sales (expense)	B4-1	–	(549)	(1,108)	(457)
– Transfer between current/non-current		(135)	135	–	–
– Additions		254	–	218	–
Total real estate for resale		254	438	135	852

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 2021			Asset movements during the reporting period											At 30 June 2022			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Renewals ¹	new assets	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	Developer / Other contribution	Tfrs from/(to) Intangibles	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	11,534	–	11,534	5,928	1,577	–	–	–	(7,708)	21	–	(1,315)	–	–	10,037	–	10,037	
Plant and equipment	22,885	(10,316)	12,569	399	640	–	(212)	(1,276)	(1,836)	466	(18)	–	–	–	22,888	(12,156)	10,732	
Office equipment	2,968	(1,400)	1,568	–	136	–	–	(310)	(193)	–	9	–	–	–	2,300	(1,090)	1,210	
Furniture and fittings	1,073	(599)	474	–	19	–	–	(43)	–	–	–	–	–	216	736	(70)	666	
Plant and equipment (under finance lease)	895	–	895	–	–	–	–	(179)	–	–	–	–	–	–	895	(179)	716	
Land:																		
– Operational land	7,950	–	7,950	–	–	–	(506)	–	–	–	–	–	–	10,159	17,603	–	17,603	
– Community land	13,037	–	13,037	–	–	–	(723)	–	–	–	2	–	–	48,280	60,596	–	60,596	
– Land under roads (post 30/6/08)	19	–	19	–	–	–	–	–	–	–	–	–	–	–	19	–	19	
Land improvements – depreciable	8,804	(5,116)	3,688	–	–	–	–	(113)	–	–	–	–	–	5,526	9,207	(106)	9,101	
Infrastructure:																		
– Buildings – non-specialised	15,214	(6,007)	9,207	–	13	–	–	(367)	–	69	(2)	–	–	8,695	23,229	(5,614)	17,615	
– Buildings – specialised	56,340	(26,311)	30,029	20	130	–	–	(1,268)	–	–	318	–	–	7,851	55,795	(18,715)	37,080	
– Other structures	23,713	(5,089)	18,624	23	899	–	(13)	(813)	(1,211)	899	11	–	(3,064)	–	21,790	(6,435)	15,355	
– Roads	457,143	(132,996)	324,147	5,550	778	–	(541)	(13,918)	–	1,663	–	2,451	–	5,249	474,150	(148,771)	325,379	
– Bridges	75,564	(17,671)	57,893	1,635	50	–	(1,792)	(1,255)	–	780	–	–	–	599	76,910	(19,000)	57,910	
– Footpaths	14,545	(6,825)	7,720	–	267	–	–	(219)	–	27	–	489	–	97	15,517	(7,136)	8,381	
– Bulk earthworks (non-depreciable)	203,230	–	203,230	978	–	–	(272)	–	–	–	–	265	–	3,611	207,812	–	207,812	
– Stormwater drainage	54,981	(9,079)	45,902	51	21	–	(11)	(646)	–	34	–	2,010	(7,748)	–	53,796	(14,183)	39,613	
– Water supply network	64,223	(22,694)	41,529	506	91	–	(327)	(1,189)	–	3,737	–	713	–	11,004	77,537	(21,473)	56,064	
– Sewerage network	61,597	(22,822)	38,775	–	–	–	(218)	(965)	–	–	–	627	–	6,979	66,860	(21,662)	45,198	
– Swimming pools	550	(550)	–	–	–	–	–	–	–	–	–	–	–	–	550	(550)	–	
Other assets:																		
– Heritage collections	689	(327)	362	–	–	–	–	(14)	–	–	(348)	–	–	–	–	–	–	
– Library books	224	(206)	18	–	–	–	–	(1)	–	–	–	–	–	145	286	(124)	162	
– Other	730	(327)	403	–	–	–	–	(65)	–	33	–	–	(20)	–	604	(253)	351	
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																		
– Tip assets	2,490	(814)	1,676	–	–	3,635	–	(237)	–	–	–	–	–	–	6,125	(1,051)	5,074	
– Quarry assets	1,040	(176)	864	–	–	(178)	–	(99)	–	–	–	–	–	–	965	(378)	587	
Total infrastructure, property, plant and equipment	1,101,438	(269,325)	832,113	15,090	4,621	3,457	(4,615)	(22,977)	(3,240)	–	(7)	6,555	(1,315)	(10,832)	108,411	1,206,207	(278,946)	927,261

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period											At 30 June 2021			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Renewals 1	new assets	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 contributions	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
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
Land:																		
– 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
Infrastructure:																		
– 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)	–
Other assets:																		
– 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
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																		
– Tip assets	1,755	(788)	967	–	–	735	–	(26)	–	–	–	–	–	–	–	2,490	(814)	1,676
– Quarry assets	272	(194)	78	–	–	796	–	(10)	–	–	–	–	–	–	–	1,040	(176)	864
Total infrastructure, property, plant and equipment	1,050,843	(266,093)	784,750	12,522	17,573	1,531	(4,241)	(17,334)	(2,507)	4	–	27	4,507	(1,382)	36,663	1,101,438	(269,325)	832,113

(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:

Plant and equipment	Years	Other equipment	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	Buildings	
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
Water and sewer assets		Stormwater assets	
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		
Transportation assets		Other infrastructure assets	
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)

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 30/06/22			as at 30/06/21		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	43	–	43	3,728	–	3,728
Plant and equipment	61	56	5	61	54	7
Land						
– Operational land	1,817	–	1,817	616	–	616
Buildings	1,392	503	889	2,517	1,240	1,277
Infrastructure	77,537	21,473	56,064	64,223	22,694	41,529
Total water supply	80,850	22,032	58,818	71,145	23,988	47,157
Sewerage services						
WIP	14	–	14	–	–	–
Plant and equipment	23	23	–	23	23	–
Land						
– Operational land	3,009	–	3,009	1,123	–	1,123
Buildings	242	107	135	181	84	97
Infrastructure	66,860	21,662	45,198	61,597	22,822	38,775
Total sewerage services	70,148	21,792	48,356	62,924	22,929	39,995
Domestic waste management						
Plant and equipment	12	9	3	12	8	4
Land						
– Operational land	687	–	687	370	–	370
– Community land	204	–	204	133	–	133
Buildings	749	321	428	318	204	114
Other structures	749	306	443	1,100	278	822
Total domestic waste management	2,401	636	1,765	1,933	490	1,443
Total restricted infrastructure, property, plant and equipment	153,399	44,460	108,939	136,002	47,407	88,595

C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Water Licences		
Opening values at 1 July		
Gross book value	1,800	1,771
Net book value – opening balance	1,800	1,771
Movements for the year		
Purchases	489	–
Revaluation	139	29
Closing values at 30 June		
Gross book value	2,428	1,800
Total water licences – net book value	2,428	1,800
Software		
Software - Tech 1 and Other		
Movements for the year		
Purchases	62	–
Development costs	2,465	–
Amortisation charges	(49)	–
Closing values at 30 June		
Gross book value	2,527	–
Accumulated amortisation	(49)	–
Total Software - Tech 1 and Other – net book value	2,478	–
Total intangible assets – net book value	4,906	1,800

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.

Software - Tech 1 and Other

Council has purchased a new system, Technology One Council, and customised its setup, which it recognises as an intangible asset. Amortisation costs are applicable from 1 July 2021.

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	192	550	192	725
Total lease liabilities	192	550	192	725

(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
2022					
Cash flows	192	550	–	742	742
2021					
Cash flows	192	725	–	917	917

(ii) Lease liabilities relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Total lease liabilities relating to unrestricted assets	192	550	192	725
Total lease liabilities	192	550	192	725

(c) Income Statement

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

\$ '000	2022	2021
Expenses relating to short-term leases	537	237

continued on next page ...

C2-1 Council as a lessee (continued)

	537	237
\$ '000	2022	2021
(d) Statement of Cash Flows		
Total cash outflow for leases	274	237
	274	237

(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	2022	2021
---------	------	------

(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)	670	605
Total income relating to operating leases for Council assets	670	605

(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	392	398
1–2 years	362	315
2–3 years	364	318
3–4 years	368	320
4–5 years	344	324
> 5 years	4,127	4,044
Total undiscounted lease payments to be received	5,957	5,719

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepaid rates	434	-	312	-
Goods and services – operating expenditure	3,636	-	3,941	-
Accrued expenses:				
– Borrowings	1	-	1	-
– Salaries and wages	620	-	568	-
– Other expenditure accruals	150	-	140	-
Advances	20	-	30	-
Security bonds, deposits and retentions	1,295	-	883	-
Other	41	-	22	-
Total payables	6,197	-	5,897	-

Payables relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Externally restricted assets				
Water	250	-	408	-
Sewer	36	-	105	-
Payables relating to externally restricted assets	286	-	513	-
Total payables relating to restricted assets	286	-	513	-
Total payables relating to unrestricted assets	5,911	-	5,384	-
Total payables	6,197	-	5,897	-

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	4,902	–	4,250	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	451	–	184	–
Total grants received in advance		5,353	–	4,434	–
Total contract liabilities		5,353	–	4,434	–

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	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	5,353	–	4,434	–
Contract liabilities relating to externally restricted assets	5,353	–	4,434	–
Total contract liabilities relating to restricted assets	5,353	–	4,434	–
Total contract liabilities	5,353	–	4,434	–

Accounting policy

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

C3-3 Borrowings

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Loans – secured ¹	602	2,650	582	3,251
Total borrowings	602	2,650	582	3,251

(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	2022		2021	
	Current	Non-current	Current	Non-current
Total borrowings relating to unrestricted assets	602	2,650	582	3,251
Total borrowings	602	2,650	582	3,251

(a) Changes in liabilities arising from financing activities

\$ '000	2021		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	3,833	(581)	–	–	–	–	3,252
Lease liability (Note C2-1b)	917	(175)	–	–	–	–	742
Total liabilities from financing activities	4,750	(756)	–	–	–	–	3,994

\$ '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
Total liabilities from financing activities	3,690	143	917	–	–	–	4,750

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	650	650
Credit cards/purchase cards	26	26
Total financing arrangements	676	676
Drawn facilities		
– Credit cards/purchase cards	19	22
Total drawn financing arrangements	19	22
Undrawn facilities		
– Bank overdraft facilities	650	650
– Credit cards/purchase cards	7	4
Total undrawn financing arrangements	657	654

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	1,922	–	1,960	–
Long service leave	2,314	547	1,980	412
Total employee benefit provisions	4,236	547	3,940	412

Employee benefit provisions relating to restricted assets

Internally restricted assets

Employee Benefits	1,220	–	2,168	–
Employee benefit provisions relating to internally restricted assets	1,220	–	2,168	–
Total employee benefit provisions relating to restricted assets	1,220	–	2,168	–
Total employee benefit provisions relating to unrestricted assets	3,016	547	1,772	412
Total employee benefit provisions	4,236	547	3,940	412

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,636	1,681
	1,636	1,681

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	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	71	6,101	–	2,712
Sub-total – asset remediation/restoration	71	6,101	–	2,712
Total provisions	71	6,101	–	2,712
Provisions relating to restricted assets				
Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	71	6,101	–	2,712
Total provisions	71	6,101	–	2,712

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2022		
At beginning of year	2,712	2,712
Changes to provision:		
Revised costs	3,326	3,326
Unwinding of discount	134	134
Total other provisions at end of year	6,172	6,172
2021		
At beginning of year	1,179	1,179
Changes to provision:		
Revised costs	1,531	1,531
Total other provisions at end of year	2,712	2,712

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.

C3-5 Provisions (continued)

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

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	13,008	2,373	2,454
User charges and fees	4,695	2,596	320
Interest and investment revenue	382	44	37
Other revenues	970	188	111
Grants and contributions provided for operating purposes	17,282	713	627
Grants and contributions provided for capital purposes	17,504	646	290
Other income	670	–	–
Total income from continuing operations	54,511	6,560	3,839
Expenses from continuing operations			
Employee benefits and on-costs	15,323	1,894	787
Materials and services	16,869	1,373	742
Borrowing costs	245	–	–
Depreciation, amortisation and impairment of non-financial assets	24,045	1,252	969
Other expenses	600	160	–
Net losses from the disposal of assets	3,501	328	249
Total expenses from continuing operations	60,583	5,007	2,747
Operating result from continuing operations	(6,072)	1,553	1,092
Net operating result for the year	(6,072)	1,553	1,092
Net operating result attributable to each council fund	(6,072)	1,553	1,092
Net operating result for the year before grants and contributions provided for capital purposes	(23,576)	907	802

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	35	539	1,827
Investments	25,942	7,788	12,210
Receivables	11,292	2,150	509
Inventories	763	–	–
Other	274	236	–
Total current assets	38,306	10,713	14,546
Non-current assets			
Investments	2	–	–
Receivables	719	–	–
Inventories	641	–	–
Infrastructure, property, plant and equipment	820,087	58,818	48,356
Intangible assets	2,478	2,428	–
Total non-current assets	823,927	61,246	48,356
Total assets	862,233	71,959	62,902
LIABILITIES			
Current liabilities			
Payables	5,560	168	36
Income received in advance	351	82	–
Contract liabilities	5,353	–	–
Lease liabilities	192	–	–
Borrowings	602	–	–
Employee benefit provision	4,236	–	–
Provisions	71	–	–
Total current liabilities	16,365	250	36
Non-current liabilities			
Lease liabilities	550	–	–
Borrowings	2,650	–	–
Employee benefit provision	547	–	–
Provisions	6,101	–	–
Total non-current liabilities	9,848	–	–
Total liabilities	26,213	250	36
Net assets	836,020	71,709	62,866
EQUITY			
Accumulated surplus	634,425	53,521	41,558
Revaluation reserves	201,595	18,188	21,308
Council equity interest	836,020	71,709	62,866
Total equity	836,020	71,709	62,866

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
1. Moama Recreation Reserve	Management of a Recreation Reserve (Sub Committee) Perricoota Road Moama

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

The nature and extent of significant restrictions relating to the Subsidiary

The Moama Recreation Reserve is a sub committee of Council under Section 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 2022. The financial position and performance of subsidiaries for the financial year ended 30 June 2022 have been included in these consolidated financial statements.

Summarised financial information for the Subsidiary

\$ '000	2022	2021
Summarised statement of comprehensive income		
Revenue	46	30
Expenses	(42)	(26)
Profit for the period	4	4
Total comprehensive income	4	4
Summarised statement of financial position		
Current assets	67	62
Total assets	67	62
Net assets	67	62
Summarised statement of cash flows		
Cash flows from operating activities	5	4
Net increase (decrease) in cash and cash equivalents	5	4

D2-1 Subsidiaries (continued)

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

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

The nature and extent of significant restrictions relating to the Subsidiary

The 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 2022. The financial position and performance of subsidiaries for the financial year ended 30 June 2022 have been included in these consolidated financial statements.

Summarised financial information for the Subsidiary

\$ '000	2022	2021
Summarised statement of comprehensive income		
Revenue	–	48
Expenses	–	(36)
Profit for the period	–	12
Total comprehensive income	–	12
Summarised statement of financial position		
Current assets	203	213
Non-current assets	402	402
Total assets	605	615
Non-current liabilities	24	14
Total liabilities	24	14
Net assets	581	601
Summarised statement of cash flows		
Cash flows from operating activities	–	12
Net increase (decrease) in cash and cash equivalents	–	12

D2-1 Subsidiaries (continued)

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

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

The nature and extent of significant restrictions relating to the Subsidiary

The Moama Lions 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 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 2022. The financial position and performance of subsidiaries for the financial year ended 30 June 2022 have been included in these consolidated financial statements.

Summarised financial information for the Subsidiary

\$ '000	2022	2021
Summarised statement of comprehensive income		
Revenue	298	357
Expenses	(139)	(120)
Profit for the period	159	237
Total comprehensive income	159	237
Summarised statement of financial position		
Current assets	879	721
Total assets	879	721
Current liabilities	233	233
Total liabilities	233	233
Net assets	646	488
Summarised statement of cash flows		
Cash flows from operating activities	159	237
Net increase (decrease) in cash and cash equivalents	159	237

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	
	2022	2021
Council's share of net income		
Net share of interests in joint ventures and associates using the equity method – income		
Associates	–	24
Total net share of interests in joint ventures and associates using the equity method – income	–	24
Total Council's share of net income	–	24

D2-2 Interests in associates

Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership			
			2022	2021	2022	2021
Central Murray Regional Library	Murray Ward Mathoura	Associate	0%	12%	–	–
Total carrying amounts – material associates					–	–

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	
	2022	2021	2022	2021
Central Murray Regional Library	0%	12%	0%	33%

D2-2 Interests in associates (continued)

Summarised financial information for associates

\$ '000	Central Murray Regional Library ¹	
	2022	2021
Statement of financial position		
Current assets		
Cash and cash equivalents	–	288
Non-current assets		
	–	170
Net assets	–	458
Statement of comprehensive income		
Income	–	465
Interest income	–	2
Depreciation and amortisation	–	(68)
Other expenses	–	(339)
Profit/(loss) from continuing operations	–	60
Profit/(loss) for period	–	60
Total comprehensive income	–	60
Share of income – Council (%)	0%	16%
Profit/(loss) – Council (\$)	–	10
Total comprehensive income – Council (\$)	–	10
Summarised Statement of cash flows		
Cash flows from operating activities	–	41
Cash flows from investing activities	–	(84)
Net increase (decrease) in cash and cash equivalents	–	(43)
Reconciliation of the carrying amount		
Opening net assets (1 July)	–	500
Distribution paid	–	(73)
Profit/(Loss) for Year	–	60
Wind Up of CMRL	–	(487)
Closing net assets	–	–

(1) Council divested its interest in the Central Murray Regional Library (CMRL) as at 30 June 2022. The CMRL was dissolved.

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 2022	Carrying value 2021	Fair value 2022	Fair value 2021
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	2,401	1,907	2,403	1,907
Receivables	14,670	10,060	14,670	10,060
Investments				
– Debt securities at amortised cost	45,940	50,760	45,940	50,760
Fair value through other comprehensive income				
Investments				
– Equity securities at fair value through other comprehensive income	2	2	2	2
Total financial assets	63,013	62,729	63,015	62,729
Financial liabilities				
Payables	6,197	5,897	6,197	5,897
Loans/advances	3,252	3,833	3,252	3,833
Total financial liabilities	9,449	9,730	9,449	9,730

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	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	384	505
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	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2022				
Gross carrying amount	–	1,867	188	2,055
2021				
Gross carrying amount	–	1,739	139	1,878

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	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	11,214	1,024	23	125	360	12,746
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	12.50%	0.35%
ECL provision	-	-	-	-	45	45
2021						
Gross carrying amount	5,761	992	70	134	1,346	8,303
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.60%	0.42%
ECL provision	-	-	-	-	35	35

(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	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	1,295	4,669	-	-	5,964	6,197
Borrowings	2.48%	-	602	1,511	1,139	3,252	3,252
Total financial liabilities		1,295	5,271	1,511	1,139	9,216	9,449
2021							
Payables	0.00%	883	4,702	-	-	5,585	5,897
Borrowings	2.65%	-	580	1,761	1,492	3,833	3,833
Total financial liabilities		883	5,282	1,761	1,492	9,418	9,730

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- 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 markets		Level 2 Significant observable inputs ^{1,2}		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements											
Financial assets											
Financial investments	C1-2										
– ‘Financial assets - "Available for sale"'		30/06/2022	30/06/2021	-	-	-	-	-	-	-	-
Total financial assets				-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment											
Plant & Equipment	C1-6	30/06/2022	30/06/2021	-	-	-	-	10,732	12,569	10,732	12,569
Plant and Equipment (Leased)		30/06/2022	30/06/2021	-	-	-	-	716	895	716	895
Office Equipment		30/06/2022	30/06/2021	-	-	-	-	1,210	1,568	1,210	1,568
Furniture & Fittings		30/06/2022	30/06/2021	-	-	-	-	666	474	666	474
Operational Land		30/06/2022	30/06/2018	-	-	17,603	7,950	-	-	17,603	7,950
Community Land		30/06/2022	30/06/2018	-	-	60,596	-	-	13,037	60,596	13,037
Land under roads (post 30/06/08)		30/06/2018	30/06/2018	-	-	-	-	19	19	19	19
Land Improvements depreciable		30/06/2017	30/06/2017	-	-	-	-	9,101	3,688	9,101	3,688
Buildings – non-specialised		30/06/2022	30/06/2017	-	-	823	9,207	16,792	-	17,615	9,207
Buildings – specialised		30/06/2022	30/06/2017	-	-	-	-	37,080	30,029	37,080	30,029
Other Structures		30/06/2022	30/06/2019	-	-	-	-	15,355	18,624	15,355	18,624
Roads		30/06/2021	30/06/2021	-	-	-	-	325,379	324,147	325,379	324,147
Bridges		30/06/2021	30/06/2021	-	-	-	-	57,910	57,893	57,910	57,893
Footpaths		30/06/2021	30/06/2021	-	-	-	-	8,381	7,720	8,381	7,720
Bulk Earthworks		30/06/2021	30/06/2021	-	-	-	-	207,812	203,230	207,812	203,230
Stormwater Drainage		30/06/2022	30/06/2021	-	-	-	-	39,613	45,902	39,613	45,902
Water Supply Network		30/06/2022	30/06/2017	-	-	-	-	56,064	41,529	56,064	41,529
Sewerage Network		30/06/2022	30/06/2017	-	-	-	-	45,198	38,775	45,198	38,775
Swimming Pools		30/06/2017	30/06/2017	-	-	-	-	-	-	-	-
Heritage Collections		30/06/2022	30/06/2017	-	-	-	-	-	362	-	362
Library Books		30/06/2022	30/06/2017	-	-	-	-	162	18	162	18
Other Assets		30/06/2022	30/06/2017	-	-	-	-	351	403	351	403
Tip Assets		30/06/2022	30/06/2017	-	-	-	-	5,074	1,676	5,074	1,676
Quarry Assets		30/06/2022	30/06/2021	-	-	-	-	587	864	587	864

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy									
		Date of latest valuation		Level 1 Quoted prices in active markets		Level 2 Significant observable inputs ^{1,2}		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total infrastructure, property, plant and equipment				–	–	79,022	17,157	838,202	803,422	917,224	820,579
Non-recurring fair value measurements											
Discontinued operations											
Water Access Licences		30/06/2022	30/06/2021	2,428	1,800	–	–	–	–	2,428	1,800
Total discontinued operations				2,428	1,800	–	–	–	–	2,428	1,800

(1) Community Land revalued at 30 June 2022 and resulted in a change from Level 3 to Level 2 observable inputs.

(2) Buildings Specialised revalued at 30 June 2022 and resulted in a predominate change from Level 2 to Level 3 observable inputs.

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

This asset class was valued by an independent consultant (APV Valuers and Asset Management) on 30 June 2022. Operational Land is valued based on purchase price and valuations provided by commercial valuers.

Community Land is based on land value of either recently sold properties which are of a similar type, the hypothetical development approach (using gross realisation, expected costs, profit and risk), the value to an adjoining owner approach (land has no commercial value and is valued with reference to adjoining owner land values) or the nominal value approach (land is deemed to have a nominal cost of \$1,000).

Land Under Roads

Last revalued in June 2018 interannally by Council. Will be revalued in the 2022-23 financial year.

Land Improvements

Land Improvements comprises of flood levee banks and associated infrastructure like penstocks and flood gates.

This asset class was inspected and valued internally by Council on 30 June 2022. The valuations are based on a range of Level 3 inputs, including at an Asset Level or a Component Level (components, unit rates/ overall value, consumption scores and valuation profiles).

Buildings – non-specialised and specialised

This asset class was inspected and valued by an independent consultant (APV Valuers and Asset Management) on 30 June 2022. Council engaged commercial valuers to value all Council's buildings as at 30 June 2022. 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.

This asset class was inspected and valued by an independent consultant (APV Valuers and Asset Management) on 30 June 2022. The valuations are based on a range of Level 3 inputs, including at an Asset Level or a Component Level (components, unit rates/ overall value, consumption scores and valuation profiles).

Roads, bridges, bulk earthworks and footpaths

Council's Roads, Bridges Bulk Earthworks 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.

E2-1 Fair value measurement (continued)

- Indexation has been applied for the 2021/2022 financial year.

Drainage infrastructure

This asset class was inspected and valued by an independent consultant (APV Valuers and Asset Management) on 30 June 2022. 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 APV Valuers and Asset Management.
- 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.

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.

This asset class was inspected and valued by an independent consultant (APV Valuers and Asset Management) on 30 June 2022.

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.

This asset class was inspected and valued by an independent consultant (APV Valuers and Asset Management) on 30 June 2022.

Swimming Pools

Council's Asset Department last 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 Asset Department undertook a revaluation for these assets as at 30 June 2022. Quoted prices in an active market for similar items and condition assessment have been used to revalue these assets.

Landfill remediation included a recalculation of remediation costs, which have a bearing on the asset valuation. The remediation costs for were based on a report provided by Talis Consultants in June 2022.

Quarry assets were indexed as at 30 June 2022. Council had undertaken a full revaluation process for the 2020/21 financial year, using in-house experience and supplier invoices/ quotes (where applicable) to derive unit costings at 30 June 2021. For 2021/22 financial year, there was a recalculation of remediation costs based on indexation parameters, which have a bearing on the asset valuation. The remediation costs were based on Engineering Department costs to remediate the assets.

E2-1 Fair value measurement (continued)

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)

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 (30/6/22) 2022	Valuation technique/s	Unobservable inputs
I,PP&E			
Plant and equipment	10,732	Depreciated Replacement Cost	Purchase Price Remaining useful life Residue Value
Office equipment	1,210	Depreciated Replacement Cost	Purchase Price Remaining useful life Residue Value
Furniture and fittings	666	Depreciated Replacement Cost	Purchase Price Remaining useful life Residue Value
Plant and Equipment (Leased)	716	Depreciated Replacement Cost	Purchase Price Remaining useful life Residue Value
Land Under Road	19	Valuer General	Rateable Land Values
Land improvements – depreciable	9,101	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful Life
Buildings - non specialised	16,972	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful Life
Buildings – specialised	37,080	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful Life
Other structures	15,355	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful Life
Roads, bridges and footpaths	391,670	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful Life
Bulk earthworks	207,812	Depreciated Replacement Cost	Gross Replacement Cost
Stormwater drainage	39,613	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
Water supply network	56,064	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
Sewerage network	45,198	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	5,661	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
Other Assets	513	Depreciated Replacement Cost	Gross Replacement Cost Asset Condition Remaining useful life
Non-current assets classified as 'held for sale'			
Shares	2	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 including leased		Office equipment		Furniture and fittings		Land improvement depreciable	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	13,464	12,501	1,568	1,503	474	510	3,688	3,807
Total gains or losses for the period								
Other movements								
Purchases (GBV)	1,505	2,794	136	357	19	3	–	–
Disposals (WDV)	(212)	(406)	–	(9)	–	–	–	–
Depreciation and impairment	(1,455)	(1,425)	(310)	(293)	(43)	(39)	(113)	(119)
Revaluation Movement - Equity	–	–	–	–	216	–	5,526	–
Revaluation Movement - Income Statement	(1,836)	–	(193)	–	–	–	–	–
Other	(18)	–	9	10	–	–	–	–
Closing balance	11,448	13,464	1,210	1,568	666	474	9,101	3,688

\$ '000	Building specialised		Building Non Specialised		Other structures		Roads, bridges and footpaths	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	30,029	23,964	9,207	–	18,624	15,948	389,760	268,027
Total gains or losses for the period								
Other movements								
Purchases (GBV)	150	8,231	82	–	1,821	3,449	13,690	13,138
Disposals (WDV)	–	(572)	–	–	(13)	(19)	(2,333)	(2,844)
Depreciation and impairment	(1,268)	(1,292)	(367)	–	(813)	(746)	(15,392)	(10,174)
Revaluation Movement - Equity	7,851	–	8,695	–	(3,064)	–	5,945	13,471
Revaluation Movement - Income Statement	–	–	–	–	(1,211)	–	–	(2,507)
Reinstatement	–	–	–	–	–	–	–	110,815
Other	318	(302)	(2)	–	11	(8)	–	(166)
Closing balance	37,080	30,029	17,615	–	15,355	18,624	391,670	389,760

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	203,230	293,193	45,902	43,163	41,529	40,744	38,775	38,812
Total gains or losses for the period								
Other movements								
Purchases (GBV)	1,243	168	2,116	3,034	5,047	1,625	627	578
Disposals (WDV)	(272)	–	(11)	–	(327)	(23)	(218)	(4)
Depreciation and impairment	–	–	(646)	(622)	(1,189)	(1,166)	(965)	(965)
Revaluation Movement - Equity	3,611	20,684	(7,748)	397	11,004	375	6,979	354
Revaluation Movement - Income Statement	–	–	–	–	–	–	–	–
Reinstatement	–	(110,815)	–	–	–	–	–	–
Other	–	–	–	(70)	–	(26)	–	–
Closing balance	207,812	203,230	39,613	45,902	56,064	41,529	45,198	38,775

\$ '000	Tip and quarry assets		Other assets		Total	
	2022	2021	2022	2021	2022	2021
Opening balance	2,540	1,046	783	792	799,573	744,010
Purchases (GBV)	–	–	33	53	26,469	33,430

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Tip and quarry assets		Other assets		Total	
	2022	2021	2022	2021	2022	2021
Disposals (WDV)	-	-	-	-	(3,386)	(3,877)
Depreciation and impairment	(336)	(36)	(80)	(81)	(22,977)	(16,958)
Revaluation Movement - Equity	-	-	125	-	39,140	35,281
Revaluation Movement - Income Statement	-	-	-	-	(3,240)	(2,507)
Reinstatement	3,457	1,530	-	-	3,457	1,530
Other	-	-	(348)	19	(30)	(543)
Closing balance	5,661	2,540	513	783	839,006	790,366

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 0.16% of the total additional lump sum contributions for all Pooled Employers (\$40.0 million until 31 December 2021) apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. 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 2022 was \$188,417. The last valuation of the Scheme was performed by Actuary, Mr. Richard Boyfield for the year ended 30 June 2021.

Murray River Council's expected contribution to the plan for the next annual reporting period is \$61,914.

The estimated employer reserves financial position for the pooled employees at 30 June 2022 is:

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

E3-1 Contingencies (continued)

* excluding member accounts and reserves on both assets and liabilities

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)

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.

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	2022	2021
Short-term benefits	1,855	1,127
Post-employment benefits	181	124
Other long-term benefits	48	12
Termination benefits	23	354
Total	2,107	1,617

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	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2022						
Automotive business (registration checks)		1	-		-	-
Deferred debtor loan	1	22	-		-	-
2021						
Deferred debtor loan	1	15	-		-	-

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

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	16	26
Councillors' fees	118	109
Other Councillors' expenses (including Mayor)	100	128
Election Expenses	-	-
Total	234	263

F2 Other relationships

F2-1 Audit fees

\$ '000	2022	2021
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	134	70
Remuneration for audit and other assurance services	134	70
(ii) Non-assurance services		
Tax compliance services	1	–
Remuneration for non-assurance services	1	–
Total Auditor-General remuneration	135	70
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Internal audit services	22	12
Remuneration for audit and other assurance services	22	12
(ii) Non-assurance services		
Waste Audit	9	–
Internal Audit Committee	39	28
Remuneration for non-assurance services	48	28
Total remuneration of non NSW Auditor-General audit firms	70	40
Total audit fees	205	110

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
Net operating result from Income Statement	(3,427)	8,148
Add / (less) non-cash items:		
Depreciation and amortisation	22,977	17,334
(Gain) / loss on disposal of assets	4,078	3,236
Non-cash capital grants and contributions	(6,568)	(4,507)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	3,289	2,507
– Other (Revaluation Intangible Assets)	139	–
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	17	22
Unwinding of discount rates on reinstatement provisions	–	2
Share of net (profits)/losses of associates/joint ventures using the equity method	–	(24)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(5,973)	1,386
Increase / (decrease) in provision for impairment of receivables	10	(32)
(Increase) / decrease of inventories	45	(70)
(Increase) / decrease of other current assets	(447)	160
Increase / (decrease) in payables	(305)	(85)
Increase / (decrease) in other accrued expenses payable	62	(157)
Increase / (decrease) in other liabilities	543	(209)
Increase / (decrease) in contract liabilities	919	1,440
Increase / (decrease) in employee benefit provision	431	(209)
Increase / (decrease) in other provisions	3,460	1,531
Net cash flows from operating activities	19,250	30,473

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	6,555	4,507
Total non-cash investing and financing activities	6,555	4,507

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	–	1,293
Plant and equipment	364	19
Road infrastructure	4,080	–
Bridges	4,674	–
Other	1,900	2,103
Wastewater	422	–
Total commitments	11,440	3,415
These expenditures are payable as follows:		
Within the next year	11,440	3,415
Total payable	11,440	3,415
Sources for funding of capital commitments:		
Unexpended grants	364	1,377
Externally restricted reserves	422	478
Unrestricted general funds	227	1,560
Future grants and contributions	10,427	–
Total sources of funding	11,440	3,415

Details of capital commitments

Replacement of Timber Bridges \$4.674 Million, Moama Horseshoe Lagoon Footbridges \$2.188 Million, Moama Foreshore Retaining Walls \$2.770 Million, Moama Lights creative & design \$1.618 Million, Streetsweeper \$363K, Moama Beach water, sewer and electrical extensions \$241K, Picnic point boat ramp \$227K, IT & ERP Consultant \$201K

G3-1 Events occurring after the reporting date

The Murray River Council Local Government Area (LGA) has experienced a major flood event in November 2022. This event has resulted in the LGA experiencing damage to infrastructure, especially the road network. At the time of completing the 30 June 2022 financial statements, it was not known what the estimated damage is in terms of remediation cost. Most assets were still under water and could not be inspected/ assessed yet.

G4 Statement of developer contributions as at 30 June 2022

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	88	75	–	1	–	–	164	–
Roads	1,397	341	–	16	–	–	1,754	–
Open space	157	74	–	3	–	–	234	–
Community facilities	76	26	–	2	–	–	104	–
Domestic Waste	88	50	–	1	–	–	139	–
S7.11 contributions – under a plan	1,806	566	–	23	–	–	2,395	–
S7.12 levies – under a plan	368	11	–	4	–	–	383	–
Total S7.11 and S7.12 revenue under plans	2,174	577	–	27	–	–	2,778	–
S7.11 not under plans	16	–	–	–	–	–	16	–
S64 contributions	1,255	716	–	16	–	–	1,987	–
Total contributions	3,445	1,293	–	43	–	–	4,781	–

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 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN (former Murray Shire)								
Drainage	73	75	–	1	–	–	149	–
Roads	1,055	337	–	12	–	–	1,404	–
Open space	147	74	–	3	–	–	224	–
Community facilities	44	26	–	1	–	–	71	–
Domestic Waste	88	50	–	1	–	–	139	–
Total	1,407	562	–	18	–	–	1,987	–
CONTRIBUTION PLAN (former Wakool)								
Drainage	15	–	–	–	–	–	15	–
Roads	342	4	–	4	–	–	350	–
Open space	10	–	–	–	–	–	10	–

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Community facilities	32	-	-	1	-	-	33	-
Total	399	4	-	5	-	-	408	-

S7.12 Levies – under a plan

CONTRIBUTION PLAN (former Murray Shire)

Community facilities	368	11	-	4	-	-	383	-
Total	368	11	-	4	-	-	383	-

G4-3 Contributions not under plans

S94 CONTRIBUTIONS – NOT UNDER A PLAN (former Wakool)

Kerb & Gutter	16	-	-	-	-	-	16	-
Total	16	-	-	-	-	-	16	-

G4-4 S64 contributions

S64 contributions (former Murray Shire)

Sewer	852	240	-	10	-	-	1,102	-
Water	-	384	-	1	-	-	385	-
Total	852	624	-	11	-	-	1,487	-

S64 contributions (former Wakool)

Sewerage	353	50	-	4	-	-	407	-
Water	50	42	-	1	-	-	93	-
Total	403	92	-	5	-	-	500	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(14,488)	(31.18)%	(11.51)%	(14.23)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	46,470				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	27,848	42.90%	43.70%	40.53%	> 60.00%
Total continuing operating revenue ¹	64,910				
3. Unrestricted current ratio					
Current assets less all external restrictions	26,925	2.87x	3.53x	3.46x	> 1.50x
Current liabilities less specific purpose liabilities	9,376				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,734	8.58x	16.39x	13.90x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,018				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	2,347	11.72%	10.19%	11.54%	< 10.00%
Rates and annual charges collectable	20,031				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	48,341	13.44	16.27	15.99	> 3.00
Monthly payments from cash flow of operating and financing activities	3,596	months	months	months	months

(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 ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(43.95)%	(18.76)%	16.27%	14.55%	22.94%	21.07%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	36.19%	36.79%	79.28%	78.25%	76.11%	79.77%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.87x	3.53x	42.85x	23.43x	404.06x	123.56x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4.72x	11.30x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	15.44%	10.32%	0.00%	10.20%	0.00%	9.52%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	12.78 months	15.96 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

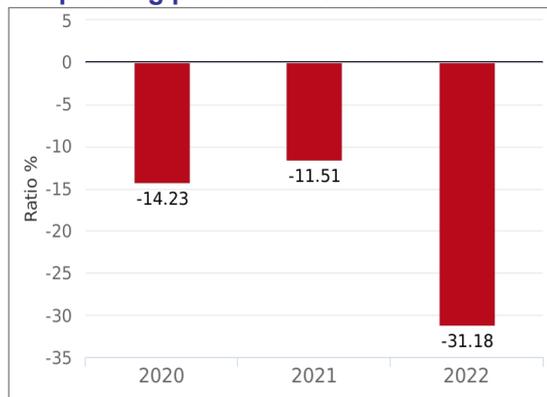
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio (31.18)%

Operating performance continues to perform under the threshold of 0 or above. This is mainly due to an overall increase in depreciation expense (up \$2,357k on 2020/21 financial year), whilst overall revenue has also decreased when compared to the 2020/21 financial year.

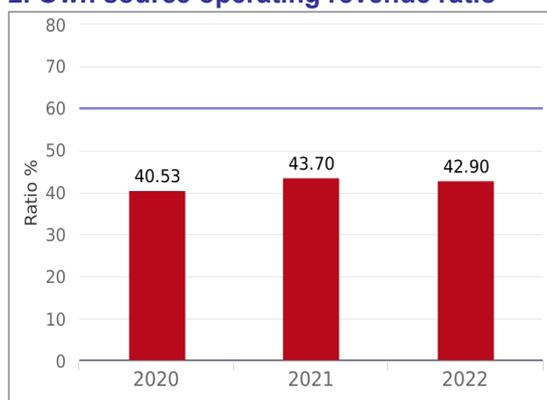
Benchmark: — > 0.00%

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 2021/22 result

2021/22 ratio 42.90%

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.

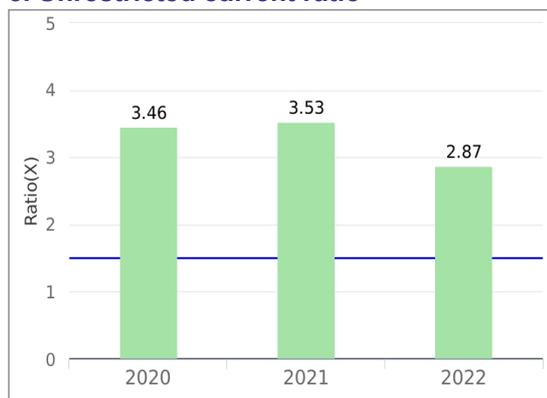
Benchmark: — > 60.00%

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 2021/22 result

2021/22 ratio 2.87x

This benchmark continues to perform well. A decrease on the prior 2020/21 financial year result and showing a decline over the four year period.

Benchmark: — > 1.50x

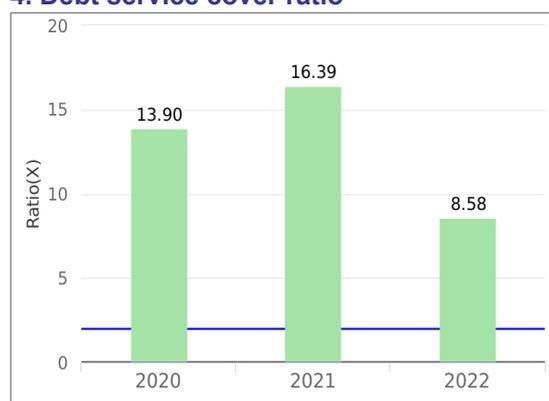
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2021/22 result

2021/22 ratio 8.58x

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

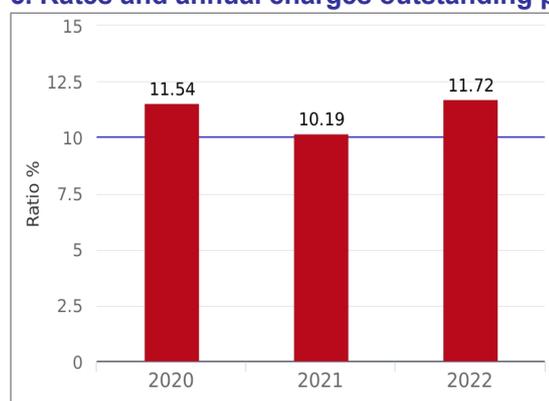
Benchmark: — > 2.00x

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 2021/22 result

2021/22 ratio 11.72%

Outstanding debt ratio has deteriorated for the 2021/22 financial year. Ratepayers continue to experience financial hardship beyond the COVID-19 pandemic.

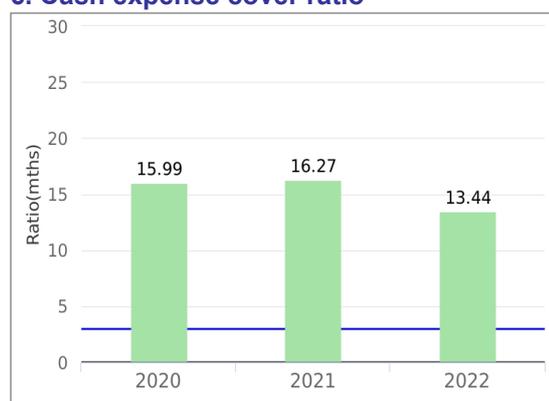
Benchmark: — < 10.00%

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 2021/22 result

2021/22 ratio 13.44 months

This ratio is above the minimum benchmark of three months. No significant change on previous 2020/21 financial year. Continues to be lower than the 2018/19 financial year due to Council receiving significant grant funding upfront for the 2018/19 year and such grant funding has been spent over the proceeding years.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

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

Email: admin@murrayriver.nsw.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Terry Dodds

RESPONSIBLE ACCOUNTING OFFICER

Stephen Fernando

PUBLIC OFFICER

Terry Dodds

AUDITORS

Auditor General
GPO Box 12
SYDNEY NSW 2001

Elected members

MAYOR

Chris Bilkey

COUNCILLORS

Frank Crawley (Deputy Mayor)
Nikki Cohen
Ann Crowe
Dennis Gleeson
Neil Gorey
Kron Nicholas
Geoff Wise
Thomas Weyrich

Other information

ABN: 30 30 8161 484



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

To the Councillors of 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 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 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 2022, 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 2021–22 (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 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the 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. 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.

DMobilia

Daniel Mobilia
Delegate of the Auditor-General for New South Wales

9 December 2022
SYDNEY



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

Contact: Daniel Mobilia
Phone no: (02) 9275 7379
Our ref: D2226256/1763

8 December 2022

Dear Mayor

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

I expressed a modified opinion on the Council's GPFS.

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Modification to the opinion in the Independent Auditor's Report

Non-recognition of rural fire-fighting equipment

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

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting

equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 April 2012

- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

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

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

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

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	17.8	18.0	1.1
Grants and contributions revenue	37.1	37.2	0.2
Operating result from continuing operations	(3.4)	8.1	142.0
Net operating result before capital grants and contributions	(21.8)	(11.1)	96.4

Rates and annual charges revenue (\$17.8 million) decreased by \$0.2 million (1.1 per cent) in 2021–22. The movement is driven by a decrease in annual charges and is not significant.

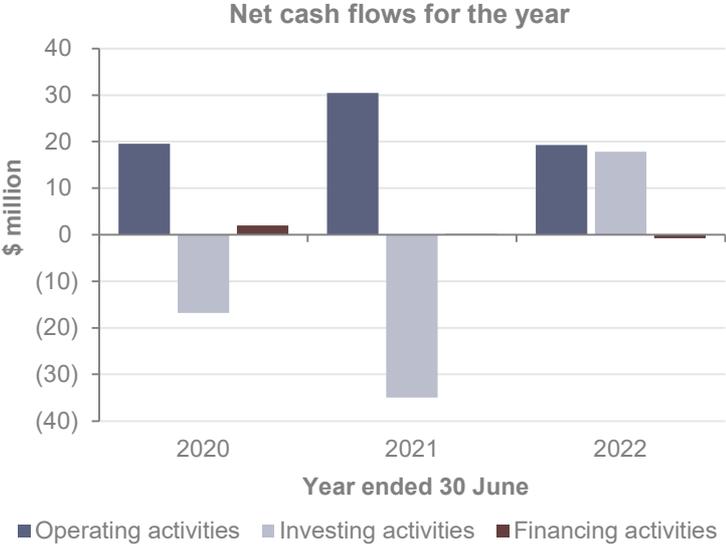
Grants and contributions revenue (\$37.1 million) decreased by \$0.1 million (0.3 per cent) in 2021–22. The movement is not significant.

The Council's operating result from continuing operations (deficit of \$3.4 million including depreciation and amortisation expense of \$26.3 million) was \$11.5 million lower than the 2020–21 result. The decrease was mainly due to a \$6.4 million increase in depreciation, amortisation and impairment expense in 2020–21 as compared to the prior year. Council's depreciation on road assets increased by \$5.2 million to \$13.9 million in 2021–22 which was a result of the revaluation of this asset class in 2020–21. Council also recorded a \$3.2 million revaluation decrement of IPPE through the income statement in 2021–22 (2020–21: \$2.5 million).

The net operating result before capital grants and contributions (deficit of \$21.8 million) was \$10.7 million lower than the 2020–21 result. The decrease was mainly due to increase in depreciation, amortisation and impairment expense (as noted in above commentary).

STATEMENT OF CASH FLOWS

- Council’s cash and cash equivalents was \$2.4 million at 30 June 2022 (\$1.9 million at 30 June 2021). There was a net increase in cash and cash equivalents of \$0.5 million during 2021–22 financial year.
- Net cash provided by operating activities has decreased by \$11.2 million. The decrease is mainly due to the decrease in grants and contributions by \$5.9 million and an increase in payments for materials and services by \$3.9 million.
- Net cash used in investing activities has decreased by \$17.0 million. The decrease is mainly due to a decrease in purchases of investments by \$12.9 million.
- Net cash flows from financing activities have decreased by \$0.9 million, to \$0.8 million used in 2021–22 compared to \$0.1 million received in 2020–21. The decrease is mainly due to \$0.7 million proceeds from borrowings in 2020–21.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	48.3	52.7	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. The externally restricted funds as at 30 June 2022 has increased due to an increase in sewer fund restrictions by \$1.1 million and increase in developer contributions – general by \$0.6 million. 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 internally restricted funds of \$7.6 million is primarily due to a decrease in prepaid financial assistance grant by \$2.2 million, infrastructure replacement by \$2 million, decrease in employees leave entitlement by \$0.9 million, and decrease in industrial development by \$1.2 million. Unrestricted cash and investments have remained relatively consistent with the prior year.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	33.5	30.8	
• Internal allocations	12.5	20.1	
• Unrestricted	2.3	1.8	

Debt

Council has \$3.3 million of external borrowings (\$3.8 million in 2021) which is secured over the revenue of Council. Council repaid \$0.6 million of external borrowings and no new loans were entered during the year. Council also has a \$0.7 million bank overdraft facility (2021: \$0.7 million) which was undrawn as of 30 June 2022.

PERFORMANCE

Performance measures

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

Operating performance ratio

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

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

The operating performance ratio decreased to -31.18 per cent (2021: -11.51 per cent) due to the increase in depreciation, amortisation and revaluation decrement expense by \$6.4 million in 2021-22.

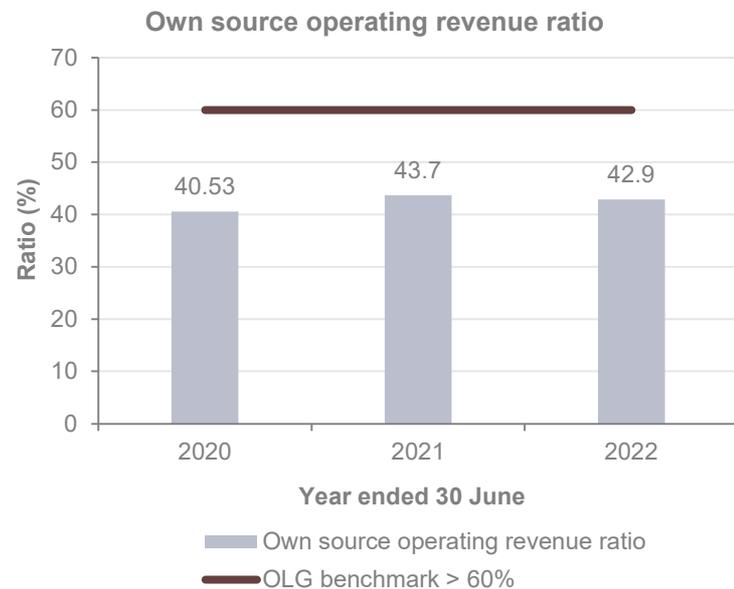


Own source operating revenue ratio

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

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

The own source operating revenue ratio of 42.90 per cent is relatively consistent with the prior year (43.7 per cent).

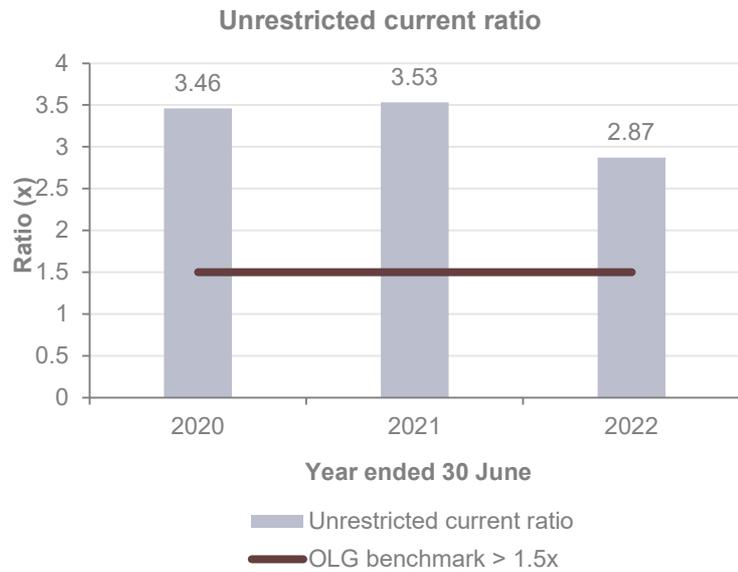


Unrestricted current ratio

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

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

The unrestricted current ratio of 2.87 per cent is relatively consistent with the prior year (3.53 per cent).

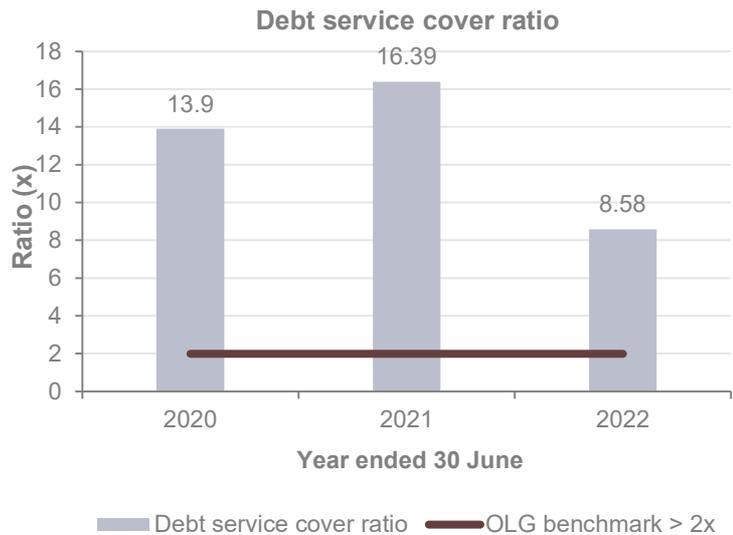


Debt service cover ratio

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

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

Council's debt service cover ratio decreased to 8.58 times (2021: 16.39 times) due to no new loans being entered during the year.

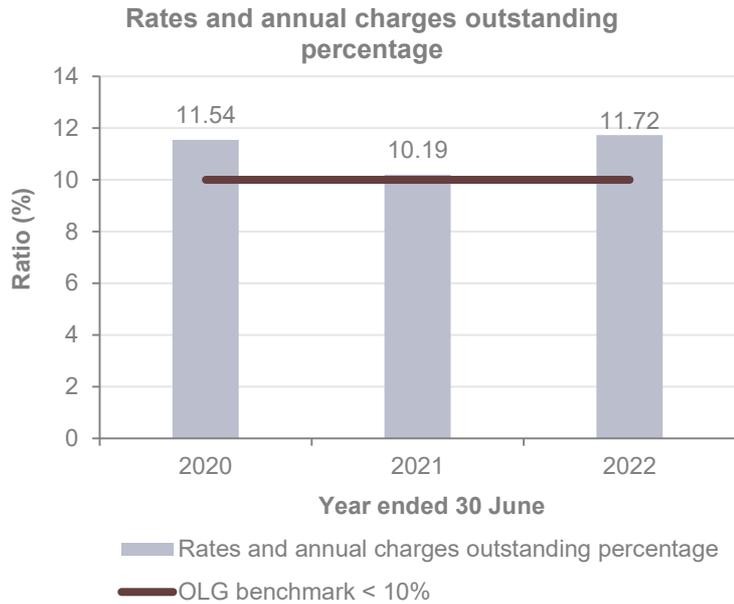


Rates and annual charges outstanding percentage

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

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

The Council's rates and annual charges outstanding percentage has increased due to the increase in rates and annual charges outstanding in 2021–22.

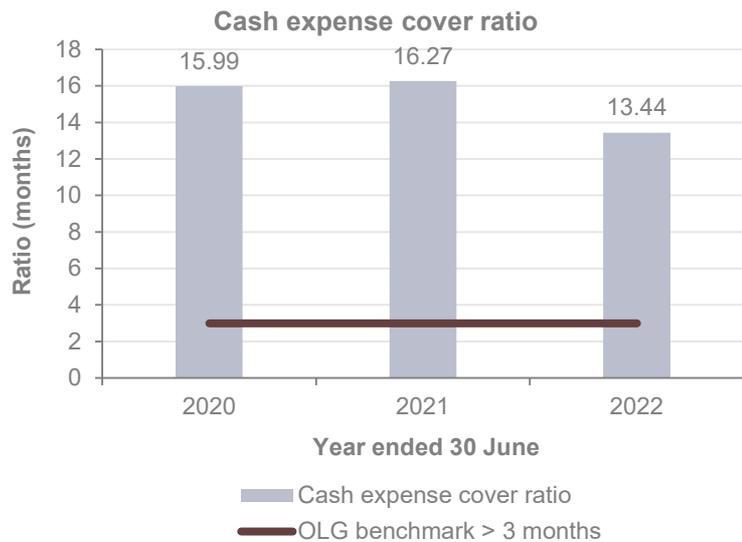


Cash expense cover ratio

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

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

The cash expense cover ratio has decreased due to decrease in cash and cash equivalent and investments by \$4.3 million.



Infrastructure, property, plant and equipment renewals

The Council renewed \$15.1 million of assets in the 2021–22 financial year, compared to \$12.5 million of assets in the 2020–21 financial year. The increase is largely due to increase in renewals on roads and bridges.

OTHER MATTERS

Legislative compliance

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

Except for the matter outlined above, the Council's:

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

DMobilia

Daniel Mobilia
Delegate of the Auditor-General for New South Wales

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

Murray River Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Murray River Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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(1) Community Land revalued at 30 June 2022 and resulted in a change from Level 3 to Level 2 observable inputs.

(2) Buildings Specialised revalued at 30 June 2022 and resulted in a predominate change from Level 2 to Level 3 observable inputs.

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 2022

Statement by Councillors and Management

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 18 October 2022.



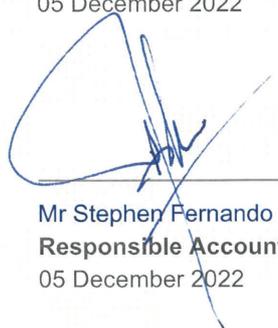
Cr Chris Bilkey
Mayor
05 December 2022



Cr Frank Crawley
Councillor
05 December 2022



Mr Terry Dodds
Chief Executive Officer
05 December 2022



Mr Stephen Fernando
Responsible Accounting Officer
05 December 2022

Murray River Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	2,373	2,863
User charges	2,413	2,081
Fees	183	61
Interest and investment income	44	82
Grants and contributions provided for operating purposes	713	402
Other income	188	161
Total income from continuing operations	5,914	5,650
Expenses from continuing operations		
Employee benefits and on-costs	1,839	1,748
Materials and services	1,373	1,674
Depreciation, amortisation and impairment	1,252	1,231
Water purchase charges	160	152
Net loss from the disposal of assets	328	23
Calculated taxation equivalents	55	46
Total expenses from continuing operations	5,007	4,874
Surplus (deficit) from continuing operations before capital amounts	907	776
Grants and contributions provided for capital purposes	646	1,057
Surplus (deficit) from continuing operations after capital amounts	1,553	1,833
Surplus (deficit) from all operations before tax	1,553	1,833
Less: corporate taxation equivalent (25%) [based on result before capital]	(227)	(202)
Surplus (deficit) after tax	1,326	1,631
Plus accumulated surplus	51,969	50,137
Plus/less: prior period adjustments	(1)	(1)
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	227	202
Closing accumulated surplus	53,521	51,969
Return on capital %	1.5%	1.6%
Subsidy from Council	1,246	–
Calculation of dividend payable:		
Surplus (deficit) after tax	1,326	1,631
Less: capital grants and contributions (excluding developer contributions)	(646)	(1,057)
Surplus for dividend calculation purposes	680	574
Potential dividend calculated from surplus	340	287

Murray River Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	2,454	2,628
User charges	51	120
Liquid trade waste charges	267	212
Fees	2	7
Interest and investment income	37	105
Grants and contributions provided for operating purposes	627	479
Other income	111	241
Total income from continuing operations	3,549	3,792
Expenses from continuing operations		
Employee benefits and on-costs	775	822
Materials and services	742	1,197
Depreciation, amortisation and impairment	969	970
Net loss from the disposal of assets	249	4
Calculated taxation equivalents	12	21
Total expenses from continuing operations	2,747	3,014
Surplus (deficit) from continuing operations before capital amounts	802	778
Grants and contributions provided for capital purposes	290	361
Surplus (deficit) from continuing operations after capital amounts	1,092	1,139
Surplus (deficit) from all operations before tax	1,092	1,139
Less: corporate taxation equivalent (25%) [based on result before capital]	(201)	(202)
Surplus (deficit) after tax	891	937
Plus accumulated surplus	40,465	39,326
Plus/less: prior period adjustments	1	–
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	201	202
Closing accumulated surplus	41,558	40,465
Return on capital %	1.7%	1.9%
Subsidy from Council	968	–
Calculation of dividend payable:		
Surplus (deficit) after tax	892	937
Less: capital grants and contributions (excluding developer contributions)	(290)	(361)
Surplus for dividend calculation purposes	602	576
Potential dividend calculated from surplus	301	288

Murray River Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	539	623
Investments	7,788	7,788
Receivables	2,386	1,148
Total current assets	10,713	9,559
Non-current assets		
Infrastructure, property, plant and equipment	58,818	47,157
Intangible assets	2,428	1,800
Total non-current assets	61,246	48,957
Total assets	71,959	58,516
LIABILITIES		
Current liabilities		
Payables	168	378
Income received in advance	82	30
Total current liabilities	250	408
Total liabilities	250	408
Net assets	71,709	58,108
EQUITY		
Accumulated surplus	53,521	51,969
Revaluation reserves	18,188	6,139
Total equity	71,709	58,108

Murray River Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	1,827	401
Investments	12,210	12,210
Receivables	509	363
Total current assets	14,546	12,974
Non-current assets		
Infrastructure, property, plant and equipment	48,356	39,995
Total non-current assets	48,356	39,995
Total assets	62,902	52,969
LIABILITIES		
Current liabilities		
Payables	36	105
Total current liabilities	36	105
Total liabilities	36	105
Net assets	62,866	52,864
EQUITY		
Accumulated surplus	41,558	40,465
Revaluation reserves	21,308	12,399
Total equity	62,866	52,864

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 – 25%

Land tax – the first \$822,000 of combined land values attracts 0%. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of 2.0% applies.

Payroll tax – 4.85% on the value of taxable salaries and wages in excess of \$1,200,000.

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 25% (2020/21 26%).

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 25% 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'.

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

Note – Significant Accounting Policies (continued)

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

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

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

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



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

To the Councillors of 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 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 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 2022, 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 2021–22 (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 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the 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. 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.

DMobilia

Daniel Mobilia
Delegate of the Auditor-General for New South Wales

9 December 2022
SYDNEY

Murray River Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Murray River Council

Special Schedules

for the year ended 30 June 2022

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Murray River Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	11,046	11,438
Plus or minus adjustments ²	b	172	161
Notional general income	c = a + b	11,218	11,599
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	i = e x (c + g)	224	232
Sub-total	k = (c + g + h + i + j)	11,442	11,831
Plus (or minus) last year's carry forward total	l	1	5
Sub-total	n = (l + m)	1	5
Total permissible income	o = k + n	11,443	11,836
Less notional general income yield	p	11,438	11,832
Catch-up or (excess) result	q = o - p	5	4
Carry forward to next year ⁶	t = q + r + s	5	4

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

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 2023.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2022'.

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

DMobilia

Daniel Mobilia
Delegate of the Auditor-General for New South Wales

9 December 2022
SYDNEY

Murray River Council

Report on infrastructure assets as at 30 June 2022

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	2021/22 Required maintenance ^a \$ '000	2021/22 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
Buildings	Buildings	2,149	2,149	840	526	54,695	79,024	36.0%	51.0%	10.0%	0.0%	3.0%
	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%
	Sub-total	2,149	2,149	840	526	54,695	79,024	36.0%	51.0%	10.0%	0.0%	3.0%
Other structures	Other structures	1,208	1,208	419	357	15,355	21,790	34.0%	44.0%	16.0%	6.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	1,208	1,208	419	357	15,355	21,790	34.0%	44.0%	16.0%	6.0%	0.0%
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	17,472	17,472	2,763	2,352	296,071	421,830	43.0%	36.0%	17.0%	4.0%	0.0%
	Unsealed roads	175	175	1,403	1,841	29,308	52,320	6.0%	66.0%	28.0%	0.0%	0.0%
	Bridges	975	975	538	42	57,910	76,910	54.0%	37.0%	8.0%	1.0%	0.0%
	Footpaths	954	954	109	74	8,381	15,517	11.0%	50.0%	33.0%	6.0%	0.0%
	Other road assets	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	207,812	207,812	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%
	Sub-total	19,576	19,576	4,813	4,309	599,482	774,389	56.2%	28.7%	12.6%	2.4%	0.0%
Water supply network	Water supply network	4,087	4,087	923	1,799	56,064	77,537	44.0%	43.0%	7.0%	5.0%	1.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	4,087	4,087	923	1,799	56,064	77,537	44.0%	43.0%	7.0%	5.0%	1.0%
Sewerage network	Sewerage network	3,286	3,286	586	820	45,198	66,860	33.0%	47.0%	15.0%	5.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	3,286	3,286	586	820	45,198	66,860	33.0%	47.0%	15.0%	5.0%	0.0%
Stormwater drainage	Stormwater drainage	346	346	377	18	39,613	53,796	56.0%	26.0%	17.0%	1.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	346	346	377	18	39,613	53,796	56.0%	26.0%	17.0%	1.0%	0.0%

Murray River Council

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

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Swimming pools	550	550	4	–	–	550	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	550	550	4	–	–	550	0.0%	0.0%	0.0%	0.0%	100.0%
Other infrastructure assets	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
Total – all assets		31,202	31,202	7,962	7,829	810,407	1,073,946	51.9%	32.7%	12.4%	2.6%	0.3%

(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 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	8,763	40.10%	70.16%	136.06%	>= 100.00%
Depreciation, amortisation and impairment	21,851				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	31,202	3.80%	5.88%	2.60%	< 2.00%
Net carrying amount of infrastructure assets	820,444				
Asset maintenance ratio					
Actual asset maintenance	7,829	98.33%	117.19%	100.00%	> 100.00%
Required asset maintenance	7,962				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	31,202	2.91%	4.51%	1.97%	
Gross replacement cost	1,073,946				

(*) 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.