

# Griffith City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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### Overview

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

1 Benerembah Street  
GRIFFITH NSW 2680

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

# Griffith City Council

## General Purpose Financial Statements

for the year ended 30 June 2022

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

# Griffith City Council

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

### Statement by Councillors and Management

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

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

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board, and
- 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 22 November 2022.



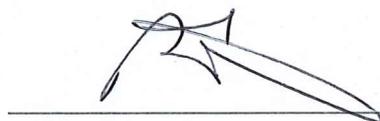
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Doug Curran  
Mayor  
22 November 2022



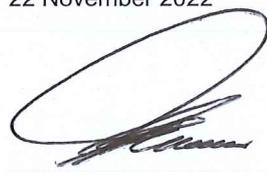
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Glen Andrezza  
Deputy Mayor  
22 November 2022



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Brett Stonestreet  
General Manager  
22 November 2022



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Max Turner  
Responsible Accounting Officer  
22 November 2022



## Griffith City Council

## Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Net operating result for the year – from Income Statement</b>		<b>21,421</b>	<b>17,468</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>27,342</b>	(20,627)
Other comprehensive income – joint ventures	D2-2	<b>33</b>	38
Water entitlement available for temp/perm sale revaluation for year	C1-7	<b>2,746</b>	(618)
<b>Total other comprehensive income for the year</b>		<b>30,121</b>	<b>(21,207)</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>51,542</b>	<b>(3,739)</b>

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

## Griffith City Council

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	53,058	60,081
Investments	C1-2	20,140	20,779
Receivables	C1-4	10,247	10,919
Inventories	C1-5	1,119	2,249
Other	C1-11	260	313
<b>Total current assets</b>		<b>84,824</b>	<b>94,341</b>
<b>Non-current assets</b>			
Investments	C1-2	4,082	1,000
Receivables	C1-4	177	137
Infrastructure, property, plant and equipment (IPPE)	C1-6	858,672	802,053
Intangible assets	C1-7	14,781	12,035
Investments accounted for using the equity method	D2-2,D2-3	418	385
<b>Total non-current assets</b>		<b>878,130</b>	<b>815,610</b>
<b>Total assets</b>		<b>962,954</b>	<b>909,951</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	12,807	10,527
Contract liabilities	C3-2	9,630	7,010
Borrowings	C3-3	3,041	9,897
Employee benefit provisions	C3-4	6,254	6,231
Provisions	C3-5	126	136
<b>Total current liabilities</b>		<b>31,858</b>	<b>33,801</b>
<b>Non-current liabilities</b>			
Borrowings	C3-3	33,167	29,080
Employee benefit provisions	C3-4	342	358
Provisions	C3-5	4,945	5,612
<b>Total non-current liabilities</b>		<b>38,454</b>	<b>35,050</b>
<b>Total liabilities</b>		<b>70,312</b>	<b>68,851</b>
<b>Net assets</b>		<b>892,642</b>	<b>841,100</b>
<b>EQUITY</b>			
Accumulated surplus		480,511	459,057
IPPE revaluation reserve	C4-1	412,131	382,043
<b>Total equity</b>		<b>892,642</b>	<b>841,100</b>

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

## Griffith City 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		459,057	382,043	841,100	441,551	403,288	844,839
Net operating result for the year		21,421	–	21,421	17,468	–	17,468
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	27,342	27,342	–	(20,627)	(20,627)
Joint ventures	D2-2	33	–	33	38	–	38
– Other movements – water entitlements (reval reserves)		–	2,746	2,746	–	(618)	(618)
<b>Other comprehensive income</b>		<b>33</b>	<b>30,088</b>	<b>30,121</b>	<b>38</b>	<b>(21,245)</b>	<b>(21,207)</b>
<b>Total comprehensive income</b>		<b>21,454</b>	<b>30,088</b>	<b>51,542</b>	<b>17,506</b>	<b>(21,245)</b>	<b>(3,739)</b>
<b>Closing balance at 30 June</b>		<b>480,511</b>	<b>412,131</b>	<b>892,642</b>	<b>459,057</b>	<b>382,043</b>	<b>841,100</b>

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

## Griffith City Council

## Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
33,066	Rates and annual charges		34,818	32,504
17,792	User charges and fees		16,336	13,900
938	Interest received		578	1,022
44,423	Grants and contributions		34,675	29,622
–	Bonds, deposits and retentions received		146	309
1,989	Other		6,784	5,673
<i>Payments:</i>				
(27,528)	Payments to employees		(24,623)	(23,953)
(20,641)	Payments for materials and services		(22,540)	(15,283)
(1,191)	Borrowing costs		(1,020)	(1,012)
(1,266)	Other		(1,863)	(1,319)
47,582	<b>Net cash flows from operating activities</b>	G1-1	<b>43,291</b>	<b>41,463</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investments		12,500	6,000
–	Redemption of term deposits		2,000	1,484
–	Sale of real estate assets		1,288	554
–	Proceeds from sale of IPPE		751	548
2	Deferred debtors receipts		–	–
<i>Payments:</i>				
–	Purchase of investments		(9,763)	(5,998)
–	Acquisition of term deposits		(9,035)	–
(65,435)	Payments for IPPE		(45,226)	(41,148)
–	Purchase of real estate assets		(10)	–
–	Deferred debtors and advances made		(50)	(133)
(65,433)	<b>Net cash flows from investing activities</b>		<b>(47,545)</b>	<b>(38,693)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
4,000	Proceeds from borrowings		–	13,000
<i>Payments:</i>				
(3,139)	Repayment of borrowings		(2,769)	(2,207)
–	Principal component of lease payments		–	(9)
861	<b>Net cash flows from financing activities</b>		<b>(2,769)</b>	<b>10,784</b>
(16,990)	<b>Net change in cash and cash equivalents</b>		<b>(7,023)</b>	<b>13,554</b>
67,978	Cash and cash equivalents at beginning of year		60,081	46,527
50,988	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>53,058</b>	<b>60,081</b>
–	plus: Investments on hand at end of year	C1-2	24,222	21,779
50,988	<b>Total cash, cash equivalents and investments</b>		<b>77,280</b>	<b>81,860</b>

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

# Griffith City Council

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## Griffith City Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 22 November 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these 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) employee benefit provisions – refer Note C3-4.
- (iii) estimated landfill remediation provisions - refer Note C3-5

#### **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.

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

- Griffith City Council General Fund
- Griffith City Council Water Fund
- Griffith City Council Sewer Fund
- Griffith Health Facilities Limited
- Pioneer Park Museum

## A1-1 Basis of preparation (continued)

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### The Trust Fund

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

### 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

Some of Council services are provided by volunteers. These include work in the museum and art gallery. The value of the services received cannot be reliably measured but it is not significant.

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

Council has determined that none of these newly adopted standards have had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Functions or activities</b>										
Governance	759	745	3,000	2,519	(2,241)	(1,774)	462	–	31,039	29,815
Administration	515	382	7,892	6,803	(7,377)	(6,421)	198	36	14,515	11,467
Public order and safety	699	832	1,540	1,701	(841)	(869)	192	341	4,224	4,095
Health	92	73	617	865	(525)	(792)	12	9	297	252
Environment	7,650	7,762	5,751	4,734	1,899	3,028	811	631	73,546	73,983
Community services and education	1,243	3,139	452	472	791	2,667	1,179	3,739	9,692	4,756
Housing and community amenities	3,225	3,198	5,566	5,573	(2,341)	(2,375)	1,575	886	16,762	15,132
Water supplies	11,008	10,535	7,225	7,522	3,783	3,013	1,271	775	189,070	187,803
Sewerage services	10,835	10,401	6,396	6,931	4,439	3,470	878	663	143,619	136,058
Recreation and culture	12,158	7,336	9,871	9,833	2,287	(2,497)	10,164	5,255	86,224	61,032
Mining, manufacturing and construction	50	99	3	71	47	28	–	–	1	1
Transport and communication	8,632	7,371	10,753	9,738	(2,121)	(2,367)	7,301	6,620	350,882	334,859
Economic affairs	817	679	1,655	1,641	(838)	(962)	32	73	4,069	3,584
General purpose revenue	26,314	23,319	1,855	–	24,459	23,319	7,916	5,785	39,014	47,114
<b>Total functions and activities</b>	<b>83,997</b>	<b>75,871</b>	<b>62,576</b>	<b>58,403</b>	<b>21,421</b>	<b>17,468</b>	<b>31,991</b>	<b>24,813</b>	<b>962,954</b>	<b>909,951</b>

## B1-2 Components of functions or activities

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

### Governance

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

### Administration

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

### Public order and safety

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

### Health

Includes immunisation, food control, health centres etc.

### Environment

Includes biosecurity weeds 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); animal control, 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 water supply services such as administration, regulation and operation of potable water supply services, future needs assessment of water and water services.

### Sewerage services

Includes activities relating to the monitoring, reduction, collection, reticulation or treatment of all waste water including that intended for reuse or recycling.

### 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.

### Transport and communication

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

### Economic affairs

Includes camping areas; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; and other business undertakings.

### General purpose revenue

Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	9,525	8,951
Farmland	5,520	5,216
Business	3,008	2,867
Less: pensioner rebates (mandatory)	(250)	(257)
<b>Rates levied to ratepayers</b>	<b>17,803</b>	<b>16,777</b>
Pensioner rate subsidies received	139	141
<b>Total ordinary rates</b>	<b>17,942</b>	<b>16,918</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	2,121	2,051
Stormwater management services	193	192
Water supply services	2,152	2,115
Sewerage services	9,195	8,740
Waste management services (non-domestic)	2,027	2,054
Less: pensioner rebates (mandatory)	(252)	(255)
Kerbside recycling	991	954
<b>Annual charges levied</b>	<b>16,427</b>	<b>15,851</b>
Pensioner subsidies received:		
– Water	59	59
– Sewerage	53	53
– Domestic waste management	30	29
<b>Total annual charges</b>	<b>16,569</b>	<b>15,992</b>
<b>Total rates and annual charges</b>	<b>34,511</b>	<b>32,910</b>

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

\$ '000	Timing	2022	2021
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	6	5
Water supply services	1	6,324	7,106
Sewerage services	1	818	870
Waste management services (non-domestic)	2	474	532
<b>Total specific user charges</b>		<b>7,622</b>	<b>8,513</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Planning and building regulation	2	305	327
Private works – section 67	2	119	120
Regulatory/ statutory fees	2	298	232
Registration fees	2	36	26
Regulatory fees	2	85	75
Section 10.7 certificates (EP&A Act)	2	80	89
Section 603 certificates	2	46	44
Town planning	2	120	68
Water supplies	2	314	270
<b>Total fees and charges – statutory/regulatory</b>		<b>1,403</b>	<b>1,251</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aerodrome	2	220	65
Cemeteries	2	536	740
Library and art gallery	2	50	47
Transport for NSW charges (state roads not controlled by Council)	2	1,070	813
Saleyards	2	436	432
Swimming centres	2	1,339	1,392
Tourism	2	163	61
Waste disposal tipping fees	2	1,652	1,441
Engineering services	2	4	4
Industrial discharge	2	21	42
Museum	2	85	63
Regional theatre	2	336	262
Sporting grounds	2	5	17
Sports stadium	2	76	109
Other	2	28	28
<b>Total fees and charges – other</b>		<b>6,021</b>	<b>5,516</b>
<b>Total other user charges and fees</b>		<b>7,424</b>	<b>6,767</b>
<b>Total user charges and fees</b>		<b>15,046</b>	<b>15,280</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		15,046	15,280
<b>Total user charges and fees</b>		<b>15,046</b>	<b>15,280</b>

### Accounting policy

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

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

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

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

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

## B2-3 Other revenues

\$ '000	Timing	2022	2021
Art Gallery	2	8	24
Fines – parking	2	262	259
Fines – other	2	19	19
Legal fees recovery – rates and charges (extra charges)	2	121	2
Commissions and agency fees	2	13	16
Emergency Services Levy rebate	2	177	177
Recycling income (non-domestic)	2	62	38
DA fees – advertising and notification	2	31	38
Quarry income	2	50	99
Sales – general	2	14	11
Other	2	46	88
Temporary sale of "Town" water allocation	2	131	667
Temporary sale of water allocation	2	124	–
Container Deposit Scheme (CDS) - RAMJO	2	78	96
Work health safety incentive payment	2	79	75
<b>Total other revenue</b>		<b>1,215</b>	<b>1,609</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		1,215	1,609
<b>Total other revenue</b>		<b>1,215</b>	<b>1,609</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	1	2,213	1,969	–	–
Financial assistance – local roads component	1	906	825	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	1	3,398	2,106	–	–
Financial assistance – local roads component	1	1,398	885	–	–
<b>Amount recognised as income during current year</b>		<b>7,915</b>	<b>5,785</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
Australia Council of Arts - Sunshine Supergirl	2	–	80	–	–
Building Better Regions Fund - Sports Precinct Redevelopment	2	–	–	2,500	299
Bushfire Prevention Re-Imbursement	2	97	112	20	8
Building Better Regions Fund - Sunshine Supergirl	2	–	35	–	–
Business Network & Forum Grant	2	3	2	–	–
Community Services Contribution	2	–	5	–	–
Community Drug Action Teams NSW (CDAT)	2	–	2	–	–
Council Crown Land Management Fund	2	15	–	–	–
Create NSW Capital Creative	2	–	–	101	–
Create NSW COVID-19 Grant	2	–	8	–	–
Crown Reserve Improvement Fund - Sewer Upgrade Pioneer Park	2	–	–	6	121
Dept Planning, Industry & Environment - Stormwater Management Reserve	2	–	–	–	294
Dept Planning, Industry & Environment - Activation of Kooyoo Street	2	–	402	–	–
Destination NSW	2	–	–	10	–
Economic affairs – tourism/events Contributions	2	4	15	–	–
Employment & Training Programs - Traineeship	2	16	12	–	–
Everyone Can Play - Henderson Oval	2	–	–	–	50
Festival of Places Summer Fund	2	–	2	–	–
Festivals Australia Grant - Sunshine Super Girl	2	–	50	–	–
Fixing Country Roads	2	–	–	583	3,854
Other specific grants	2	9	–	–	–
Fixing Country Truck Washes	2	–	–	–	58
Fixing Local Roads - Boorga Road	2	–	–	2,337	311
Fleet Management Contribution	2	–	–	81	25
FNPW Community Conservation Grant	2	–	5	–	–
Heavy Vehicle Project	2	5	2	–	–
Healthy Streets Demonstration - Kooyoo Street	2	–	–	–	3
Heritage Green Energy - State Bank House	2	71	–	–	–
LCLI subsidy	2	2	115	–	–
LIRS Subsidy	2	–	77	–	–
Local Special Projects Grant - Library	2	35	40	–	–
Mosquito Control	2	–	2	–	–
Murrumbidgee Primary Health Network Community - Community Services	2	–	10	–	–
Murrumbidgee Primary Health Network Community - Theatre	2	–	5	–	–
National Australia Day Council (NADC)	2	–	14	–	–
Noxious Weeds & Biosecurity Weeds	2	106	98	–	–
NSW Department of Industry - Theatre Upgrade	2	–	–	–	17
OLG Crown - Crown Lands Management Plan	2	–	38	–	–
Other contributions	2	126	–	–	–

continued on next page ...

## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Per Capita Subsidy Library	2	72	99	-	-
Priority Local Rds/Comm. Infrastructure Projects - Festival Lights & City Entrance Improvements	2	146	239	-	-
Priority Local Roads/ Comm Infrastructure Project R1	2	180	362	-	-
Priority Local Roads/ Comm Infrastructure Project R2	2	1,171	87	-	-
Public Order and Safety – Bushfire/SES Contributions	2	-	-	-	135
Public Pool Inspection Contributions	2	-	6	-	-
Recreation and Culture - Community and Cultural Contributions	2	5	-	775	161
Recreation and Culture - Museum Contribution	2	-	4	4	20
Recreation and Culture – Passive Recreation Contributions	2	5	5	76	-
Recreation and Culture – Theatre Contributions	2	20	18	-	-
Regional Community Development Fund - Griffith Youth & Community Centre (GYCC)	2	-	-	365	3,086
Regional Cultural Fund - Library	2	-	13	-	-
Regional Cultural Fund - Theatre Upgrade	2	-	-	-	66
Regional NSW Planning Portal	2	-	50	-	-
Regional Sports Infrastructure Fund - Sport Precinct	2	-	-	5,500	2,874
Transport for NSW	2	-	-	28	57
Roads to Recovery (R2R)	2	1,031	1,031	-	-
Roads, Footpaths and Bridges Contribution	2	-	-	17	96
Safer Community Fund R5 - CBD Lighting & CCTV	2	-	-	101	61
Sewerage Contributions (excl. section 64 contributions)	2	-	-	57	41
Street Light Subsidy	2	116	116	-	-
Stronger Country Community Fund - BMX/ Pump Track	2	-	-	416	19
Stronger Country Community Fund - Community Stage	2	-	-	299	535
Stronger Country Community Fund - Jubilee Oval	2	-	-	335	472
Transport for NSW (TfNSW) - Murrumbidgee Ave/ Thorne Road Roundabout	2	-	-	84	27
Transport for NSW contributions (regional roads, block grant)	2	636	687	-	-
Transport NSW - Speed Project	2	8	2	-	-
Water Supplies Contribution (excl. section 64 contributions)	2	-	-	47	93
Youth Week NSW Grant	2	3	1	-	-
Zone Administration Cost Contribution	2	74	86	-	-
Youth Grant - Winter Holiday	2	7	-	-	-
NAIDOC Week Grant	2	1	-	-	-
Festival of Places - Summer Night Fund	2	15	-	-	-
Create NSW Music Now Grant	2	5	-	-	-
NSW Performing Arts COVID Support Package	2	64	-	-	-
Seniors Festival	2	5	-	-	-
Building Better Regions Fund - Griffin Green	2	336	-	-	-
NADC Grant - Wiradjuri Culture Fund Day	2	19	-	-	-
DPIE Health Precinct Master Plan	2	23	-	-	-
Regional Youth Autumn Holiday Break	2	10	-	-	-
Everyone Can Play - Wood Park	2	-	-	67	-
Regional Sports Facility Fund - Sports Precinct Redevelopment	2	-	-	300	-
Stronger Communities Program Women's Land Army Park	2	-	-	15	-
Crown Lands Manager Recovery Support Program - Enticknap Park	2	-	-	61	-

## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Local Roads Community Infrastructure Program - Kooyoo Street	2	-	-	196	-
Public Reserve Management Fund	2	-	-	46	-
Streets as Shared Spaces - Memorial Park	2	-	-	44	-
Culture, Heritage and Arts Regional Tourism	2	-	-	3	-
Your Higher Streets Program - Kooyoo Street	2	-	-	739	-
Fixing Local Roads - Barber Road	2	-	-	313	-
Fixing Local Roads - Thorne Road	2	-	-	165	-
Dept Planning, Industry & Environment - Yoogali Culvert	2	-	-	182	-
Community Building Partnership - Baptist Church	2	-	-	30	-
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>4,441</b>	<b>3,937</b>	<b>15,903</b>	<b>12,783</b>
<b>Total grants and non-developer contributions</b>		<b>12,356</b>	<b>9,722</b>	<b>15,903</b>	<b>12,783</b>
<b>Comprising:</b>					
- Commonwealth funding		10,704	7,607	2,800	360
- State funding		708	1,782	12,046	11,852
- Other funding		944	333	1,057	571
		<b>12,356</b>	<b>9,722</b>	<b>15,903</b>	<b>12,783</b>

## Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G4					
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	-	-	-	13
S 7.12 – fixed development consent levies		2	-	-	1,198	876
S 64 – water supply contributions		2	-	-	1,224	682
S 64 – sewerage service contributions		2	-	-	821	497
S 64 – stormwater contributions		2	-	-	489	240
<b>Total developer contributions</b>			<b>-</b>	<b>-</b>	<b>3,732</b>	<b>2,308</b>
<b>Total contributions</b>			<b>-</b>	<b>-</b>	<b>3,732</b>	<b>2,308</b>
<b>Total grants and contributions</b>			<b>12,356</b>	<b>9,722</b>	<b>19,635</b>	<b>15,091</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			9,247	7,153	2,329	2,316
Grants and contributions recognised at a point in time (2)			3,109	2,569	17,306	12,775
<b>Total grants and contributions</b>			<b>12,356</b>	<b>9,722</b>	<b>19,635</b>	<b>15,091</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	1,083	235	5,317	1,511
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	1,439	1,079	7,306	5,226
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(2,234)	(231)	(4,558)	(1,420)
<b>Unspent funds at 30 June</b>	<b>288</b>	<b>1,083</b>	<b>8,065</b>	<b>5,317</b>
<b>Contributions</b>				
Unspent funds at 1 July	12,863	10,622	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,216	2,433	–	–
<b>Add:</b> contributions received and not recognised as revenue in the current year	895	181	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(773)	(373)	–	–
<b>Unspent contributions at 30 June</b>	<b>16,201</b>	<b>12,863</b>	<b>–</b>	<b>–</b>

### Accounting policy

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

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*.

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 the Council may apply contributions according to the priorities established in work schedules.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

## B2-5 Interest and investment income

\$ '000	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	79	21
– Cash and investments	496	943
<b>Total interest and investment income (losses)</b>	<b>575</b>	<b>964</b>

### Accounting policy

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

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

## B2-6 Other income

\$ '000	2022	2021
<b>Rental income</b>		
<b>Other lease income</b>		
Road Reserve/Land	171	123
Premises Rental	277	172
<b>Total other income</b>	<b>448</b>	<b>295</b>

## B3 Costs of providing services

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

\$ '000	2022	2021
Salaries and wages	18,867	17,694
Educational assistance	28	22
Employee leave entitlements (ELE)	3,828	3,362
Fringe benefit tax (FBT)	135	118
Motor vehicle allowance	28	27
Payroll tax	130	86
Professional development	12	9
Staff recruitment	64	71
Superannuation	2,256	2,075
Training costs (other than salaries and wages)	206	204
Travel expenses	24	19
Workers' compensation insurance	478	512
<b>Total employee costs</b>	<b>26,056</b>	<b>24,199</b>
Less: capitalised costs	(1,484)	(842)
<b>Total employee costs expensed</b>	<b>24,572</b>	<b>23,357</b>
Number of 'full-time equivalent' employees (FTE) at year end	285	284

#### 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		14,679	14,132
Audit Fees	F2-1	66	53
<b>Previously other expenses:</b>			
Election expenses		218	–
Electricity and heating		1,737	1,700
Insurance		547	499
Street lighting		464	464
Telephone and communications		312	276
Councillor and Mayoral fees and associated expenses	F1-2	377	339
Contributions/levies to other levels of government			
<b>Legal expenses:</b>			
– Legal expenses: planning and development		83	91
– Legal expenses: other		220	222
Expenses from short-term leases		11	11
Expenses from leases of low value assets		11	16
<b>Total materials and services</b>		<b>18,725</b>	<b>17,803</b>

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## B3-2 Materials and services (continued)

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	2022	2021
<b>(i) Interest bearing liability costs</b>		
Interest on loans	1,377	1,201
Less: capitalised costs	(357)	(189)
<b>Total borrowing costs expensed</b>	<b>1,020</b>	<b>1,012</b>

### Accounting policy

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

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

\$ '000	Notes	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		1,600	1,574
Office equipment		245	261
Furniture and fittings		100	86
<b>Infrastructure:</b>	C1-6		
– Buildings – specialised		1,496	1,540
– Other structures		484	378
– Roads		4,428	4,357
– Bridges		38	37
– Footpaths		320	309
– Stormwater drainage		895	902
– Water supply network		2,203	2,215
– Sewerage network		1,875	2,205
– Other open space/recreational assets		700	666
<b>Other assets:</b>			
– Other		520	387
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-6	549	–
Less: capitalised costs		(84)	(32)
<b>Total depreciation and amortisation costs</b>		<b>15,369</b>	<b>14,885</b>
<b>Total depreciation and amortisation for non-financial assets</b>		<b>15,369</b>	<b>14,885</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets.

#### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are 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.

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

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
<b>Fair value decrement on investments</b>			
Fair value decrement on investments through profit and loss		<b>1,855</b>	–
<b>Total Fair value decrement on investments</b>	C1-2	<b>1,855</b>	–
<b>Other</b>			
– DWR contributions		13	51
– Emergency services levy (includes FRNSW, SES, and RFS levies)		40	52
– NSW fire brigade levy		104	112
– NSW rural fire service levy		339	464
Donations, contributions and assistance to other organisations (Section 356)			
– Annual Sikh games		10	10
– Community grant program		60	157
– Regional arts board		20	20
– RAMJO		30	35
– Riverina regional cities forecast-ID		36	36
– Western Riverina Library		288	282
– Other		52	60
– Events		27	26
– Community Country Education Foundation		5	5
– De-sexing Program		11	9
<b>Total other</b>		<b>1,035</b>	<b>1,319</b>
<b>Total other expenses</b>		<b>2,890</b>	<b>1,319</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

\$ '000	Notes	2022	2021
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		701	548
Less: carrying amount of plant and equipment assets sold/written off		(560)	(486)
<b>Gain (or loss) on disposal</b>		<b>141</b>	<b>62</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>	C1-5		
Proceeds from disposal – real estate assets		1,288	554
Less: carrying amount of real estate assets sold/written off		(1,248)	(643)
<b>Gain (or loss) on disposal</b>		<b>40</b>	<b>(89)</b>
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Proceeds from disposal/redemptions/maturities – investments		12,500	6,000
Less: carrying amount of investments sold/redeemed/matured		(12,500)	(6,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of term deposits</b>	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		2,000	–
Less: carrying amount of term deposits sold/redeemed/matured		(2,000)	–
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of other - other assets</b>	C1-6		
Proceeds from disposal – other - other assets		50	–
Less: carrying amount of other - other assets sold/written off		(20)	–
<b>Gain (or loss) on disposal</b>		<b>30</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>211</b>	<b>(27)</b>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

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

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
<b>Revenues</b>					
<b>Rates and annual charges</b>	33,066	34,511	1,445	4%	<b>F</b>
<b>User charges and fees</b>	17,792	15,046	(2,746)	(15)%	<b>U</b>
The majority of this difference (\$2.5M) is due to Water supply sales. Council had originally budgeted for \$9.7M of Water supply sales against an actual income of \$7.2M					
<b>Other revenues</b>	1,584	1,215	(369)	(23)%	<b>U</b>
The majority of this difference (\$595k) is due to the Temporary Sale of Water Allocations. Council had originally budgeted for \$850k of Temporary Allocation sales against an actual income of \$255k.					
<b>Operating grants and contributions</b>	14,013	12,356	(1,657)	(12)%	<b>U</b>
Council had originally budgeted to receive \$2.5M of Building Better Regions Funding for the Griffin Green project in 2022 but only received \$336k					
<b>Capital grants and contributions</b>	30,410	19,635	(10,775)	(35)%	<b>U</b>
Council had budgeted to receive a total of \$16.1M in capital grant funding for Roads & Bridges but only recognised \$4.2M in grant income.					
<b>Interest and investment revenue</b>	938	575	(363)	(39)%	<b>U</b>
Council conservatively budgets for interest and investment revenue. Due to the low interest rate environment globally during most of 2021-2022, higher returns have not been achieved.					
<b>Net gains from disposal of assets</b>	-	211	211	∞	<b>F</b>
<b>Other income</b>	405	448	43	11%	<b>F</b>
Council has received an extra \$41k against budget for some of its rental properties.					
<b>Expenses</b>					
<b>Employee benefits and on-costs</b>	27,528	24,572	2,956	11%	<b>F</b>
Employee costs were less than budget due a number of positions being unfilled during the year.					
<b>Materials and services</b>	20,641	18,725	1,916	9%	<b>F</b>
Council had originally budgeted to spend \$2.5M of Building Better Regions Funding for the Griffin Green project in 2022 but only spent \$652k					
<b>Borrowing costs</b>	1,191	1,020	171	14%	<b>F</b>
Councils was able to recognise a saving of \$167k after refinancing balloon residuals in 2021-2022 which was not included in its original budget.					

## B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Depreciation and amortisation of non-financial assets</b>	14,559	15,369	(810)	(6)% <b>U</b>
<b>Other expenses</b>	1,266	2,890	(1,624)	(128)% <b>U</b>
Council recognised a fair valuation decrement on investments through the profit and loss of \$1.9M that was not part of the original budget.				
<b>Net losses from disposal of assets</b>	-	-	-	∞ <b>F</b>
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	47,582	43,291	(4,291)	(9)% <b>U</b>
<b>Cash flows from investing activities</b>	(65,433)	(47,545)	17,888	(27)% <b>F</b>
Approximately \$17M of Road construction has been delayed due to various reasons.				
<b>Cash flows from financing activities</b>	861	(2,769)	(3,630)	(422)% <b>U</b>
Council had an original budget to drawdown \$4M in the 2021-2022 year, but this did not occur.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	17,079	14,597
Cash equivalent assets		
– Managed funds	28,501	38,028
– Short-term deposits	7,478	7,456
<b>Total cash and cash equivalents</b>	<b>53,058</b>	<b>60,081</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	53,058	60,081
<b>Balance as per the Statement of Cash Flows</b>	<b>53,058</b>	<b>60,081</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Floating Rate Notes (with maturities > 3 months)	9,581	–	14,173	–
<b>Total</b>	<b>9,581</b>	<b>–</b>	<b>14,173</b>	<b>–</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	10,559	4,082	6,606	1,000
<b>Total</b>	<b>10,559</b>	<b>4,082</b>	<b>6,606</b>	<b>1,000</b>
<b>Total financial investments</b>	<b>20,140</b>	<b>4,082</b>	<b>20,779</b>	<b>1,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>73,198</b>	<b>4,082</b>	<b>80,860</b>	<b>1,000</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

## C1-2 Financial investments (continued)

- 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.

### Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments of Floating Rate Notes in the Statement of Financial Position.

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>77,280</b>	81,860
Less: Externally restricted cash, cash equivalents and investments	<u>(63,556)</u>	<u>(66,338)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>13,724</b>	15,522
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general	2,519	14,155
Specific purpose unexpended grants – general fund	8,353	6,400
<b>External restrictions – included in liabilities</b>	<b>10,872</b>	20,555
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general fund	4,490	3,593
Developer contributions – water fund	6,671	5,689
Developer contributions – sewer fund	4,118	3,390
Specific purpose unexpended contributions - general fund	922	–
Water fund	22,277	21,270
Sewer fund	13,446	11,127
Stormwater management	759	713
Specific purpose unexpended grants - Griffith Health Facilities Limited	1	1
<b>External restrictions – other</b>	<b>52,684</b>	45,783
<b>Total external restrictions</b>	<b>63,556</b>	66,338

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

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
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#### (b) Internal allocations

<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>13,724</b>	15,522
Less: Internally restricted cash, cash equivalents and investments	<b>(12,168)</b>	(14,690)
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>1,556</b>	832

#### Internal allocations

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

Plant and vehicle replacement	589	606
Infrastructure replacement (buildings)	973	1,027
Employees leave entitlement	2,151	2,212
Facilities reserve	445	458
Floodplain and drainage mitigation reserve	538	553
Griffith Health Facilities Limited	22	22
Major projects reserve	2,114	4,425
Parks and gardens infrastructure reserve	196	219
Roads reserve	443	493
Waste services	4,350	4,473
St Vincents Private Community Hospital Griffith - Sinking Fund	228	202
Griffith Community Centre - Sinking Fund	19	-
New Art Gallery Building Reserve	100	-
<b>Total internal allocations</b>	<b>12,168</b>	14,690

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
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#### (c) Unrestricted and unallocated

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>1,556</b>	832
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## C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	3,477	–	3,773	–
User charges and fees	5,572	–	5,840	–
Accrued revenues				
– Interest on investments	34	–	37	–
– Other income accruals	316	–	215	–
Deferred debtors	12	177	2	137
Government grants and subsidies	364	–	364	–
Net GST receivable	900	–	1,116	–
<b>Total</b>	<b>10,675</b>	<b>177</b>	<b>11,347</b>	<b>137</b>
<b>Less: provision for impairment</b>				
User charges and fees	(428)	–	(428)	–
<b>Total provision for impairment – receivables</b>	<b>(428)</b>	<b>–</b>	<b>(428)</b>	<b>–</b>
<b>Total net receivables</b>	<b>10,247</b>	<b>177</b>	<b>10,919</b>	<b>137</b>

\$ '000	Notes	2022	2021
<b>Movement in provision for impairment of receivables</b>			
Balance at the beginning of the year		428	428
<b>Balance at the end of the year</b>		<b>428</b>	<b>428</b>
<b>Represented by:</b>			
Expected Credit Loss (calculated in accordance with AASB 9)	E1b	111	116
Additional Specific Provisions		317	312
<b>Balance at end of the period</b>		<b>428</b>	<b>428</b>

## C1-4 Receivables (continued)

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### Accounting policy

#### Impairment

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

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

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 7 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	–	–	1,238	–
Stores and materials	981	–	938	–
Trading stock	118	–	62	–
Other	20	–	11	–
<b>Total inventories</b>	<b>1,119</b>	<b>–</b>	<b>2,249</b>	<b>–</b>

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Movements:</b>					
Real estate assets at beginning of the year		1,238	–	2,506	–
– Purchases and other costs		10	–	–	–
– Transfers in from (out to)	C1-6	–	–	(625)	–
– WDV of sales (expense)	B4-1	(1,248)	–	(643)	–
<b>Total real estate for resale</b>		<b>–</b>	<b>–</b>	<b>1,238</b>	<b>–</b>

### Accounting policy

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

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

#### Real estate held for resale/capitalisation of borrowing costs

Real estate 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 real estate 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	Additions renewals <sup>(1)</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers to additions renewals	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	23,772	–	23,772	–	27,881	–	–	(12,204)	–	–	–	39,449	–	39,449
Plant and equipment	18,260	(8,448)	9,812	2,013	–	(560)	(1,600)	–	–	–	–	18,961	(9,296)	9,665
Office equipment	3,334	(1,840)	1,494	392	–	–	(245)	92	–	–	–	3,819	(2,086)	1,733
Furniture and fittings	2,715	(1,325)	1,390	501	–	–	(100)	–	–	–	–	3,216	(1,425)	1,791
<b>Land:</b>														
– Operational land	19,113	–	19,113	–	–	–	–	–	–	–	1,423	20,536	–	20,536
– Community land	9,171	(3)	9,168	–	–	–	–	–	–	–	2,877	12,048	(3)	12,045
<b>Infrastructure:</b>														
– Buildings	92,487	(20,148)	72,339	2,441	–	–	(1,496)	5,903	–	–	5,095	105,397	(21,114)	84,283
– Other structures	20,447	(3,859)	16,588	269	–	–	(484)	–	–	–	2,085	22,402	(3,944)	18,458
– Roads	328,533	(40,934)	287,599	7,062	–	–	(4,428)	3,578	–	–	5,002	341,417	(42,604)	298,813
– Bridges	5,570	(1,428)	4,142	–	–	–	(38)	–	–	(153)	–	5,419	(1,468)	3,951
– Footpaths	15,869	(5,942)	9,927	552	–	–	(320)	–	–	–	26	16,593	(6,408)	10,185
– Stormwater drainage	81,195	(21,884)	59,311	387	–	–	(895)	338	–	–	365	82,486	(22,980)	59,506
– Water supply network	200,756	(53,244)	147,512	1,653	–	–	(2,203)	467	–	–	3,244	209,109	(58,436)	150,673
– Sewerage network	168,358	(55,293)	113,065	376	–	–	(1,875)	17	–	–	5,663	177,723	(60,477)	117,246
– Other open space/recreational assets	21,204	(6,764)	14,440	1,309	–	–	(700)	977	–	–	1,715	24,675	(6,934)	17,741
<b>Other assets:</b>														
– Other	11,991	(5,214)	6,777	1,138	–	(20)	(520)	832	–	–	–	13,860	(5,652)	8,208
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	5,604	–	5,604	–	–	–	(549)	–	(666)	–	–	4,938	(549)	4,389
<b>Total infrastructure, property, plant and equipment</b>	<b>1,028,379</b>	<b>(226,326)</b>	<b>802,053</b>	<b>18,093</b>	<b>27,881</b>	<b>(580)</b>	<b>(15,453)</b>	<b>–</b>	<b>(666)</b>	<b>(153)</b>	<b>27,495</b>	<b>1,102,048</b>	<b>(243,376)</b>	<b>858,672</b>

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period										At 30 June 2021			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers to additions renewals	Adjustments and transfers	WIP transfers to additions new assets	Tfrs from/(to) real estate assets (Note C1-5)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
<b>\$ '000</b>																	
Capital work in progress	10,505	–	10,505	–	17,312	–	–	(2,936)	–	(1,006)	(103)	–	–	23,772	–	23,772	
Plant and equipment	17,950	(7,610)	10,340	1,532	–	(486)	(1,574)	–	–	–	–	–	–	18,260	(8,448)	9,812	
Office equipment	3,042	(1,579)	1,463	292	–	–	(261)	–	–	–	–	–	–	3,334	(1,840)	1,494	
Furniture and fittings	2,564	(1,239)	1,325	151	–	–	(86)	–	–	–	–	–	–	2,715	(1,325)	1,390	
<b>Land:</b>																	
– Operational land	17,502	–	17,502	–	–	–	–	–	–	–	728	–	883	19,113	–	19,113	
– Community land	9,171	(3)	9,168	–	–	–	–	–	–	–	–	–	–	9,171	(3)	9,168	
<b>Infrastructure:</b>																	
– Buildings	90,405	(22,004)	68,401	1,471	–	–	(1,540)	406	5	–	–	–	3,596	92,487	(20,148)	72,339	
– Other structures	13,009	(3,381)	9,628	470	5,353	–	(378)	388	(62)	1,006	–	–	183	20,447	(3,859)	16,588	
– Roads	324,390	(38,382)	286,008	3,917	–	–	(4,357)	1,557	–	–	–	–	474	328,533	(40,934)	287,599	
– Bridges	5,311	(1,365)	3,946	–	–	–	(37)	–	–	–	–	–	233	5,570	(1,428)	4,142	
– Footpaths	15,230	(5,788)	9,442	361	–	–	(309)	–	–	–	–	–	433	15,869	(5,942)	9,927	
– Stormwater drainage	81,782	(21,086)	60,696	7	–	–	(902)	–	–	–	–	(490)	–	81,195	(21,884)	59,311	
– Water supply network	192,663	(42,882)	149,781	1,672	–	–	(2,215)	358	(5)	–	–	(2,079)	–	200,756	(53,244)	147,512	
– Sewerage network	189,053	(50,201)	138,852	452	–	–	(2,205)	55	–	–	–	(24,089)	–	168,358	(55,293)	113,065	
– Other open space/recreational assets	20,301	(5,965)	14,336	479	–	–	(666)	–	62	–	–	–	229	21,204	(6,764)	14,440	
<b>Other assets:</b>																	
– Other	9,713	(4,828)	4,885	1,457	650	–	(387)	172	–	–	–	–	–	11,991	(5,214)	6,777	
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>																	
– Tip assets	–	–	–	5,604	–	–	–	–	–	–	–	–	–	5,604	–	5,604	
<b>Total infrastructure, property, plant and equipment</b>	<b>1,002,591</b>	<b>(206,313)</b>	<b>796,278</b>	<b>17,865</b>	<b>23,315</b>	<b>(486)</b>	<b>(14,917)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>625</b>	<b>(26,658)</b>	<b>6,031</b>	<b>1,028,379</b>	<b>(226,326)</b>	<b>802,053</b>	

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

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

### Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by NSW Department of Planning, Industry and Environment.

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	3 to 4		
Vehicles	3 to 6	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings	30 to 150
Other plant and equipment	5 to 15		
		<b>Water and sewer assets</b>	
<b>Transportation assets</b>		Sewer Active Assets	10 to 180
Road Assets	15 to 200	Sewerage Network	10 to 150
Bridge Assets	90 to 180	Water Active Assets	10 to 180
Carpark Assets	20 to 90	Water Network Assets	70 to 150
Footpath Assets	15 to 80		
Kerb and Gutter Assets	80 to 100	<b>Other infrastructure assets</b>	
Traffic Management Assets	70 to 100	Other Structures	10 to 150
		Bulk earthworks	infinite
<b>Stormwater assets</b>			
Stormwater Drainage Assets	40 to 100		
Stormwater Structure Assets	60 to 200		

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 in accordance with AASB 1051 *Land Under Roads*.

### Crown reserves

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

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

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

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### **Rural Fire Service assets**

Council recognises the land and buildings used by the Rural Fire Service situated within the Local Government area, however, it does not account for Rural Fire Service equipment.

## C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
<b>Water Entitlements</b>		
<b>Opening values at 1 July</b>	<b>12,035</b>	12,653
<b>Movements for the year</b>		
– Fair value movement (revaluation)	<b>2,746</b>	(618)
<b>Total intangible assets – net book value</b>	<b>14,781</b>	<b>12,035</b>

Council holds a number of high and general security water licences which it recognises as an intangible asset. The water licences are individually tradable on the open water licence sales market. The licences were obtained principally through land acquisitions where the water licence was attached to the land as well as through progressive developer contributions over several years commencing in the 1990's. The water licences are now 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. Income received from the sales of water entitlements are disclosed as other revenue. The licences are recorded in Council's accounts at fair value based on market valuations obtained from the open water licence sales market at balance date. 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 at least every year 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.

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

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over assets including buildings and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

#### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

#### Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

### (a) 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	11	11
Expenses relating to low-value leases	11	16
	<b>22</b>	<b>27</b>

### (b) Statement of Cash Flows

Total cash outflow for leases	-	9
	<b>-</b>	<b>9</b>

#### Accounting policy

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

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

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

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

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

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

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

#### Exceptions to lease accounting

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

\$ '000	2022	2021
<b>(ii) Assets held as property, plant and equipment</b>		
Council provides operating leases on Council buildings and some land/road reserves, the table below relates to operating leases on assets disclosed in C1-6.		
Lease income (excluding variable lease payments not dependent on an index or rate)	448	295
<b>Total income relating to operating leases for Council assets</b>	<b>448</b>	<b>295</b>

### Reconciliation of IPPE assets leased out as operating leases

\$ '000	Buildings 2022	Buildings 2021
<b>Opening balance as at 1 July</b>	<b>20,233</b>	<b>19,648</b>
Depreciation expense	(361)	(349)
Revaluation increments to equity (ARR)	1,126	553
<b>Closing balance as at 30 June</b>	<b>20,998</b>	<b>19,852</b>

### Accounting policy

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

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

If the lease contains lease and non-lease components, 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 for an operating lease and as finance income using amortised cost basis for finance leases.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Payables</b>				
Government departments and agencies	48	-	54	-
Prepaid rates	1,252	-	1,241	-
Goods and services – operating expenditure	8,623	-	6,296	-
Accrued expenses:				
– Other expenditure accruals	397	-	602	-
Security bonds, deposits and retentions	2,446	-	2,300	-
Other	41	-	34	-
<b>Total payables</b>	<b>12,807</b>	<b>-</b>	<b>10,527</b>	<b>-</b>
<b>Total payables</b>	<b>12,807</b>	<b>-</b>	<b>10,527</b>	<b>-</b>

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

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	1,820	1,600
Other liabilities: other expenditure accruals	264	299
<b>Total payables</b>	<b>2,084</b>	<b>1,899</b>

#### Accounting policy

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

#### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	8,065	-	5,317	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	288	-	1,083	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	922	-	191	-
<b>Total grants received in advance</b>		<b>9,275</b>	<b>-</b>	<b>6,591</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Fees – GRALC	(iii)	36	-	21	-
Advance Ticket Sales - Theatre		235	-	313	-
Fees - Airport		84	-	84	-
Fees - Stadium		-	-	1	-
<b>Total user fees and charges received in advance</b>		<b>355</b>	<b>-</b>	<b>419</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>9,630</b>	<b>-</b>	<b>7,010</b>	<b>-</b>

### Notes

(i) Council has received funding to construct assets including sporting facilities, community facilities, 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.

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

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

\$ '000	2022	2021
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	1,328	1,375
Operating grants (received prior to performance obligation being satisfied)	19	69
Capital contributions (to construct Council controlled assets)	-	26
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>1,347</b>	<b>1,470</b>

### Significant changes in contract liabilities

Council has received \$3.98M in funding from Fixing Local Roads in 2021, the majority remains unspent at reporting date.

### 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

## C3-3 Borrowings (continued)

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured <sup>1</sup>	3,041	33,167	9,897	29,080
<b>Total borrowings</b>	<b>3,041</b>	<b>33,167</b>	<b>9,897</b>	<b>29,080</b>

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

Disclosures on liability interest rate risk exposures and security can be found in Note E1-1.

## C3-3 Borrowings (continued)

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

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	38,977	(2,769)	–	–	–	–	36,208
<b>Total liabilities from financing activities</b>	<b>38,977</b>	<b>(2,769)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>36,208</b>

\$ '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	28,184	10,793	–	–	–	–	38,977
Lease liability (Note C2-1b)	18	(18)	–	–	–	–	–
<b>Total liabilities from financing activities</b>	<b>28,202</b>	<b>10,775</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>38,977</b>

### (b) Financing arrangements

\$ '000	2022	2021
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	1,000	1,000
Credit cards/purchase cards	100	100
<b>Total financing arrangements</b>	<b>1,100</b>	<b>1,100</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	44	44
<b>Total drawn financing arrangements</b>	<b>44</b>	<b>44</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	56	56
<b>Total undrawn financing arrangements</b>	<b>1,056</b>	<b>1,056</b>

### Additional financing arrangements information

#### Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

#### Security over loans

Loans secured over future cash flows

Leased liabilities are secured by the underlying leased assets.

#### Bank overdrafts

The bank overdraft of Council is secured over future cash flows

(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.

### C3-3 Borrowings (continued)

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	2,483	–	2,329	–
Sick leave	112	–	124	–
Long service leave	3,455	342	3,625	358
Other leave (RDO's and TIL)	204	–	153	–
<b>Total employee benefit provisions</b>	<b>6,254</b>	<b>342</b>	<b>6,231</b>	<b>358</b>

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,865	3,798
	<b>3,865</b>	<b>3,798</b>

#### Accounting policy

##### Short-term obligations

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

##### Other long-term employee benefit obligations

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

##### On-costs

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

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

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

## C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
<b>Other provisions</b>				
Accrued expenses	126	7	136	8
<b>Sub-total – other provisions</b>	<b>126</b>	<b>7</b>	<b>136</b>	<b>8</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	4,938	–	5,604
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>4,938</b>	<b>–</b>	<b>5,604</b>
<b>Total provisions</b>	<b>126</b>	<b>4,945</b>	<b>136</b>	<b>5,612</b>

### Current 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.		
Accrued Expenses	78	–
	<b>78</b>	<b>–</b>

### Accounting policy

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

#### IPPE Revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation, including intangible assets.

## 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
<b>Income from continuing operations</b>			
Rates and annual charges	23,362	2,048	9,101
User charges and fees	6,663	7,544	839
Interest and investment revenue	461	81	35
Other revenues	1,108	94	13
Grants and contributions provided for operating purposes	12,244	59	53
Grants and contributions provided for capital purposes	17,486	1,271	878
Net gains from disposal of assets	55	109	47
Other income	397	39	12
<b>Total income from continuing operations</b>	<b>61,776</b>	<b>11,245</b>	<b>10,978</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	20,367	2,430	1,775
Materials and services	10,035	5,093	3,240
Borrowing costs	475	–	904
Depreciation, amortisation and impairment of non-financial assets	10,870	2,462	2,037
Other expenses	2,357	390	143
<b>Total expenses from continuing operations</b>	<b>44,104</b>	<b>10,375</b>	<b>8,099</b>
<b>Operating result from continuing operations</b>	<b>17,672</b>	<b>870</b>	<b>2,879</b>
<b>Net operating result for the year</b>	<b>17,672</b>	<b>870</b>	<b>2,879</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>186</b>	<b>(401)</b>	<b>2,001</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6,546	28,948	17,564
Investments	20,140	–	–
Receivables	3,790	3,759	2,750
Inventories	718	401	–
Other	260	–	–
<b>Total current assets</b>	<b>31,454</b>	<b>33,108</b>	<b>20,314</b>
<b>Non-current assets</b>			
Investments	4,082	–	–
Receivables	177	–	–
Infrastructure, property, plant and equipment	575,378	159,289	124,005
Investments accounted for using the equity method	418	–	–
Intangible assets	14,781	–	–
<b>Total non-current assets</b>	<b>594,836</b>	<b>159,289</b>	<b>124,005</b>
<b>Total assets</b>	<b>626,290</b>	<b>192,397</b>	<b>144,319</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12,796	11	–
Contract liabilities	9,630	–	–
Borrowings	1,771	31	1,291
Employee benefit provision	6,254	–	–
Provisions	126	–	–
<b>Total current liabilities</b>	<b>30,577</b>	<b>42</b>	<b>1,291</b>
<b>Non-current liabilities</b>			
Borrowings	19,057	268	13,842
Employee benefit provision	342	–	–
Provisions	4,945	–	–
<b>Total non-current liabilities</b>	<b>24,344</b>	<b>268</b>	<b>13,842</b>
<b>Total liabilities</b>	<b>54,921</b>	<b>310</b>	<b>15,133</b>
<b>Net assets</b>	<b>571,369</b>	<b>192,087</b>	<b>129,186</b>
<b>EQUITY</b>			
Accumulated surplus	307,111	97,454	75,946
Revaluation reserves	264,258	94,633	53,240
<b>Total equity</b>	<b>571,369</b>	<b>192,087</b>	<b>129,186</b>

## D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

<b>Details of individual internal loans</b>	<b>Council ID / Ref</b>
Borrower (by purpose)	Animal Control
Lender (by purpose)	Water Fund
Date of Minister's approval	26/10/17
Date raised	1/11/17
Term years	5
Dates of maturity	1/11/22
Rate of interest (%)	1.87%
Amount originally raised (\$)	500,000
Total repaid during year (principal and interest) (\$)	104,981
<b>Principal outstanding at end of year (\$)</b>	<b>52,125</b>

## D2 Interests in other entities

### D2-1 Subsidiaries

Council's financial statements incorporate the assets, liabilities and results of the following subsidiaries.

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

Name of Operation/Entity	Principal activity
<b>Griffith Health Facilities Limited</b>	Fundraising for Griffith Community Private Hospital Griffith, NSW

Interests in Subsidiary	Ownership 2022	Ownership 2021	Voting rights 2022	Voting rights 2021
Council's interest in Subsidiary	<b>100%</b>	100%	<b>100%</b>	100%

### Summarised financial information for the Subsidiary

\$ '000	2022	2021
Revenue	-	-
Expenses	-	-
<b>Profit for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Summarised statement of financial position</b>		
Current assets	<b>22</b>	22
<b>Total assets</b>	<b>22</b>	<b>22</b>
<b>Net assets</b>	<b>22</b>	<b>22</b>

### 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 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 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 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.

## D2-2 Interests in joint arrangements

### Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Council's net share of assets	
			2022	2021
Western Riverina Library	Various	Joint Venture	418	385
<b>Total carrying amounts – material joint ventures</b>			<b>418</b>	<b>385</b>

### Western Riverina Library

Western Riverina Libraries (WRL) is a collaboration between five local governments to share resources and technical services to provide a library service which is current, efficient and valued.

The members of Western Riverina Libraries are Carrathool, Griffith, Hay, Murrumbidgee and Narrandera. Western Riverina Libraries is administered by Griffith City Council.

### Material joint ventures

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

	Interest in outputs		Proportion of voting power	
	2022	2021	2022	2021
Western Riverina Library	62.4%	61.9%	16.7%	16.7%

### Summarised financial information for joint ventures

\$ '000	Western Riverina Library	
	2022	2021
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	385	367
Other current assets	32	15
<b>Non-current assets</b>	<b>277</b>	<b>260</b>
<b>Current liabilities</b>		
Other current liabilities	24	21
<b>Net assets</b>	<b>670</b>	<b>621</b>

## D2-2 Interests in joint arrangements (continued)

\$ '000	Western Riverina Library	
	2022	2021
<b>Statement of comprehensive income</b>		
Income	508	501
Interest income	(2)	1
Depreciation and amortisation	(132)	(126)
Other expenses	(326)	(319)
<b>Profit/(loss) from continuing operations</b>	<b>48</b>	<b>57</b>
<b>Profit/(loss) for the period</b>	<b>48</b>	<b>57</b>
<b>Total comprehensive income</b>	<b>48</b>	<b>57</b>
<b>Share of income – Council (%)</b>	<b>56.8%</b>	<b>54.5%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>27</b>	<b>31</b>
<b>Total comprehensive income – Council (\$)</b>	<b>27</b>	<b>31</b>
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	621	564
Profit/(loss) for the period	48	57
<b>Closing net assets</b>	<b>669</b>	<b>621</b>
<b>Council's share of net assets (%)</b>	<b>62.4%</b>	<b>61.9%</b>
<b>Council's share of net assets (\$)</b>	<b>418</b>	<b>385</b>

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

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

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

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

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

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

\$ '000	Carrying value 2022	Carrying value 2021	Fair value 2022	Fair value 2021
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	53,058	60,081	53,058	60,081
Receivables	10,424	11,056	10,426	11,056
Investments				
– Debt securities at amortised cost	14,641	7,606	14,641	7,606
<b>Fair value through profit and loss</b>				
Investments				
– Floating Rate Notes	9,581	14,173	9,581	14,173
<b>Total financial assets</b>	<b>87,704</b>	<b>92,916</b>	<b>87,706</b>	<b>92,916</b>
<b>Financial liabilities</b>				
Payables	12,807	10,527	12,807	10,527
Loans/advances	36,208	38,977	36,208	38,977
<b>Total financial liabilities</b>	<b>49,015</b>	<b>49,504</b>	<b>49,015</b>	<b>49,504</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings** – 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**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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

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

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

The risks associated with the instruments held are:

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

## 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.

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

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

\$ '000	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	96	142
Impact of a 10% movement in price of investments		
– Equity / Income Statement	958	1,417

### (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.

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

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

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 secure a charge over the land relating to the debts – 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 the payment of debt.

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
<b>2022</b>				
Gross carrying amount	3,214	263	–	3,477
2021				
Gross carrying amount	3,488	285	–	3,773

##### 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.

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

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	
<b>2022</b>						
Gross carrying amount	6,194	272	196	106	607	7,375
Expected loss rate (%)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
<b>ECL provision</b>	<b>93</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>9</b>	<b>111</b>
<b>2021</b>						
Gross carrying amount	6,844	83	77	1	706	7,711
Expected loss rate (%)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
<b>ECL provision</b>	<b>103</b>	<b>1</b>	<b>1</b>	<b>–</b>	<b>11</b>	<b>116</b>

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Contractu al cashflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2022</b>							
Payables	0.00%	2,446	10,361	–	–	12,807	12,807
Borrowings	4.47%	–	4,574	18,963	26,768	50,305	36,208
<b>Total financial liabilities</b>		<b>2,446</b>	<b>14,935</b>	<b>18,963</b>	<b>26,768</b>	<b>63,112</b>	<b>49,015</b>
<b>2021</b>							
Payables	0.00%	2,300	8,227	–	–	10,527	10,527
Borrowings	4.47%	–	11,209	13,564	21,798	46,571	38,977
<b>Total financial liabilities</b>		<b>2,300</b>	<b>19,436</b>	<b>13,564</b>	<b>21,798</b>	<b>57,098</b>	<b>49,504</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets

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

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

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

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

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

## E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy									
		Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Recurring fair value measurements</b>											
<b>Financial assets</b>											
Financial investments	C1-2										
– ‘Financial assets at fair value through profit and loss’		30/06/22	30/06/21	9,851	14,173	–	–	–	–	9,851	14,173
<b>Total financial assets</b>				<b>9,851</b>	<b>14,173</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,851</b>	<b>14,173</b>
<b>Infrastructure, property, plant and equipment</b>											
Plant and equipment	C1-6	30/06/22	30/06/21	–	–	–	–	9,665	9,812	9,665	9,812
Office equipment		30/06/22	30/06/21	–	–	–	–	1,733	1,494	1,733	1,494
Furniture and fittings		30/06/22	30/06/21	–	–	–	–	1,791	1,390	1,791	1,390
Operational land		30/06/22	30/06/21	–	–	–	–	20,536	19,113	20,536	19,113
Community land		30/06/18	30/06/18	–	–	–	–	9,168	9,168	9,168	9,168
Buildings		30/06/22	30/06/21	–	–	–	–	84,283	72,339	84,283	72,339
Other structures		30/06/22	30/06/21	–	–	–	–	18,458	16,588	18,458	16,588
Roads		30/06/22	30/06/21	–	–	–	–	298,813	287,599	298,813	287,599
Bridges		30/06/22	30/06/21	–	–	–	–	3,951	4,142	3,951	4,142
Footpaths		30/06/22	30/06/21	–	–	–	–	10,185	9,927	10,185	9,927
Stormwater drainage		30/06/22	30/06/21	–	–	–	–	59,506	59,311	59,506	59,311
Water supply network		30/06/22	30/06/21	–	–	–	–	150,673	147,512	150,673	147,512
Sewerage network		30/06/22	30/06/21	–	–	–	–	117,246	113,065	117,246	113,065
Other open space/recreational assets		30/06/22	30/06/21	–	–	–	–	17,741	14,440	17,741	14,440
Other		30/06/22	30/06/21	–	–	–	–	8,208	6,777	8,208	6,777
<b>Total infrastructure, property, plant and equipment</b>				<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>811,957</b>	<b>772,677</b>	<b>811,957</b>	<b>772,677</b>
<b>Non-recurring fair value measurements</b>											
<b>Intangible Assets</b>											
Water Entitlements	C1-7	30/06/22	30/06/21	14,781	12,035	–	–	–	–	14,781	12,035
<b>Total Intangible Assets</b>				<b>14,781</b>	<b>12,035</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>14,781</b>	<b>12,035</b>

## 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:

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

##### Plant & Equipment

###### What was valued

This asset class comprises major plant such trucks, tractors, street sweepers and fleet vehicles such as passenger vehicles, utility vehicles etc.

###### Who performed the valuation

Plant and Equipment assets were valued in house.

###### When was it valued

Plant and Equipment values are assessed annually.

###### How was it valued

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets having similar service potential and includes allowances for preliminaries and professional fees. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

###### What Level inputs were used

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Useful life
- Residual value (ie the estimated amount that council would currently obtain from the asset at the end of its useful life, in most cases zero)
- Gross replacement cost

###### Changes in valuation methodology

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

##### Office Equipment

###### What was valued

This asset class comprises computers, photocopiers, printers, whiteboards etc.

###### Who performed the valuation

Office Equipment assets were valued in house.

###### When was it valued

Office Equipment values are assessed annually

###### How was it valued

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

###### What Level inputs were used

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Useful life
- Residual value (ie the estimated amount that council would currently obtain from the asset at the end of its useful life, in most cases zero)
- Gross replacement cost

###### Changes in valuation methodology

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

##### Furniture & Fittings

###### What was valued

This asset class comprises chairs, desks, workstations, filing cabinets etc.

###### Who performed the valuation

Furniture and Fittings assets were valued in house.

###### When was it valued

Furniture and Fittings values are assessed annually.

###### How was it valued

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

###### What Level inputs were used

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Useful life

## E2-1 Fair value measurement (continued)

- Residual value (ie the estimated amount that council would currently obtain from the asset at the end of its useful life, in most cases zero)
- Gross replacement cost

### Changes in valuation methodology

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

## Community Land

### What was valued

This asset class comprises all of Council's land classified as community land under the NSW Local Government Act 1993. Community land (including owned by Council, the Crown and various other Government agencies managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land. Community land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- Must have a plan of management for it

### Who performed the valuation

The valuation for community land was performed internally.

### When was it valued

The last valuation was undertaken at 30 June 2018.

### How was it valued

Land values were originally based on the values provided by the NSW Valuer General for rating purposes.

### What Level inputs were used

Level 3 valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The key unobservable input to the valuation is the price per square metre.

There were some parks and reserves for which there was no observable market evidence of sales prices for comparable sites in close proximity. These were subsequently valued at the Level 3 valuation input hierarchy by using the professional judgement of a registered Valuer. The Valuer adjusted the price per square metre of sales from sites not in close proximity which provided only a low level of comparability.

### Changes in valuation methodology

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

## Operational Land

### What was valued

Operational land consists of land that has been dedicated as operation land by council to enable of provision of services to the community. For example, land for treatment plants, pump stations, car parks, depots, drainage etc.

### Who performed the valuation

Operational land was valued by Australian Pacific Valuers (APV).

### When was it valued

The last comprehensive valuation was undertaken at 30 June 2020. An interim valuation (desktop) was undertaken by APV as at 30 June 2022.

### How was it valued

Land valuations were determined in accordance with the AASB13 Fair Value methodology. Land analysis was carried out by an experienced Valuer.

The Valuer has assessed land assets utilising valuation techniques that maximise the use of observable data and under the principles of 'highest and best use'.

The Valuer has reviewed the following site attributes in assigning an input rate and having consideration to minor or significant adjustments:

- Zoning or Area Classification
- Land Use
- Unit Rates / Overall Value
- Land Area
- Topography
- Site Configuration

Where a lack of directly comparable sales evidence was available, or a significant level of adjustment was required between sales evidence and the asset, a Level 3 has been assigned to the asset. In other cases where there was active and liquid sales evidence available and significant adjustments have not been applied, a Level 2 has been assigned to the asset.

### What Level inputs were used

Level 2 and 3 inputs are utilised to establish input rates and determine Fair Values. The Valuer has reviewed a number of sources including:

- Analysis of price movements in local property markets during the year (reviewing market transactions).
- Discussions with local and active agents.
- Current property listings.

## E2-1 Fair value measurement (continued)

In considering the level of adjustment for Level 3 assets, the Valuer has taken into consideration any adjustments made for Level 3 assets due to zoning, use or significant restriction based on Local Government policies for land valuation, sales analysis as well as the Valuers professional opinion.

### Changes in valuation methodology

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

## Buildings – Specialised

### What was valued

Buildings – Specialised comprises all building assets that are not held primarily for their ability to generate net cash inflows. For example, Administrative buildings, Depot buildings etc.

### Who performed the valuation

Buildings were valued by Australian Pacific Valuers.

### When was it valued

The last comprehensive valuation was undertaken at 30 June 2020. An interim valuation (desktop) was undertaken by APV as at 30 June 2022.

### How was it valued

The Accounting Standards require assets comprised of a number of significant parts which exhibit different useful lives to be depreciated separately. This is commonly referred to as “componentisation” or “disaggregation” and is a critical aspect to ensuring the valuation is meaningful, accurate and can be used as a key input to the Asset Management Planning process.

To identify the components consideration was given to how the asset is managed from an Asset Management perspective and what parts comprise a significant cost but have a different useful life. This included consideration of whether the component –

- Is Cost Significant (>5%) and Exceeds Capitalisation Threshold
- Has a different Useful Life or Pattern of Consumption (all parts within the component should have same life and pattern)
- Is it Replaced or Renewed at Regular Intervals or is a Sunk Cost
- Is Managed with specific CAPEX treatments relatively independent of other components
- Due to risk or criticality does it need to be separated for Asset Management Planning

It is common for the useful life of components to be extended through regular renewal. When this occurs the components essentially have two parts which experience a different useful life. In accordance with the accounting standards each of these parts is to be depreciated over their respective useful life.

### What Level inputs were used

The valuations are based on a range of inputs. Some inputs may be gathered at a high level prior to application of inputs at the Asset or Component Level.

Other inputs are applied at an Asset Level or a Component Level as appropriate. They include –

- Components
- Unit Rates / Overall Value
- Consumption Scores & Valuation Profiles
- Residual value (ie the estimated amount that council would currently obtain from the asset at the end of its useful life, in most cases zero)

### Changes in valuation methodology

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

## Other Structures

### What was valued

Examples of other structures include fencing, lighting, wash-bays, stock yards and hardstands.

### Who performed the valuation

Other Structures were valued by Australian Pacific Valuers.

### When was it valued

The last comprehensive valuation was undertaken at 30 June 2020. An interim valuation (desktop) was undertaken by APV as at 30 June 2022.

### How was it valued

Using the cost approach, the approach estimated the replacement cost for each structure by physically inspecting the properties and componentising the structures into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

### What Level inputs were used

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs include:

- Pattern of consumption
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

### Changes in valuation methodology

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

## E2-1 Fair value measurement (continued)

### Other Open Space/Recreational Assets

#### What was valued

This includes assets in parks and reserves such as play equipment, tables, chairs, barbeques, and irrigation systems.

#### Who performed the valuation

The valuations were undertaken by Australian Pacific Valuers.

#### When was it valued

The last comprehensive valuation was undertaken at 30 June 2020. An interim valuation (desktop) was undertaken by APV as at 30 June 2022.

#### How was it valued

Using the cost approach. The approach estimated the replacement cost for each asset by physically inspecting them and componentising into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

#### What Level inputs were used

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

#### Changes in valuation methodology

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

### Roads

#### What was valued

Roads includes all sealed and unsealed road segments (lengths of road between intersections) and car parks.

#### Who performed the valuation

Valuations were undertaken by Australian Pacific Valuers.

#### When was it valued

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2019. An interim valuation (desktop) was undertaken by APV at 30 June 2022.

#### How was it valued

Road asset were componentised into Formation, Pavement and Surface components. These components were further broken into long and short lived components, and residual values were eliminated. Gross values were attributed to these components based on the relevant unit rates and quantity measured in square metres. Fair value was then determined taking into account the condition and relevant patterns of consumption. These component values were then combined to determine the overall valuation for each road segment and car park.

#### What Level inputs were used

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Unit rates developed by Councils Operations Department
- Asset condition based on a comprehensive condition survey conducted by IMG Pty Ltd
- Pattern of consumption
- Useful life determined by technical knowledge of the life of similar assets

#### Changes in valuation methodology

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

### Bridges

#### What was valued

Bridges includes all Council owned road and foot bridges.

#### Who performed the valuation

Valuations were undertaken by Australian Pacific Valuers.

#### When was it valued

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2019. An interim valuation (desktop) was undertaken by APV at 30 June 2022.

#### How was it valued

The estimated fair value for each bridge was determined by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the bridge deck/ superstructure, bridge abutments/foundations and bridge rails/handrails. These component values were then combined to determine the overall valuation for each bridge.

#### What Level inputs were used

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Asset quantity based on desktop survey of bridge data and field inspections

## E2-1 Fair value measurement (continued)

- Unit rates developed by the valuer and reviewed by Council against industry benchmarks
- Asset condition based on in house visual inspection
- Pattern of consumption
- Useful life determined by technical knowledge of the life of similar assets

### Changes in valuation methodology

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

## Footpaths

### What was valued

Footpaths comprises of all Council owned paths and cycle ways and shared paths other than internal pathways within parks and reserves.

### Who performed the valuation

Valuations were undertaken by Australian Pacific Valuers.

### When was it valued

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2019. An interim valuation (desktop) was undertaken by APV at 30 June 2022.

### How was it valued

Footpaths were segmented in accordance with road segmentation and surface type. Gross values were attributed to these segments based on the relevant unit rates and quantity measured in square metres. Fair value was then determined taking into account the condition and relevant patterns of consumption. These component values were then combined to determine the overall valuation for each asset

### What Level inputs were used

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Asset quantity based on a comprehensive review of Councils footpath asset register
- Unit rates developed by Councils Operations Department
- Asset condition based on a comprehensive condition survey conducted by IMG Pty Ltd
- Pattern of consumption
- Useful life determined by technical knowledge of the life of similar assets
- Residual value based on the estimated amount that would currently obtain from disposal of the asset, in most cases this is zero.

### Changes in valuation methodology

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

## Stormwater Drainage

### What was valued

Stormwater assets include drainage pits, pipelines, stormwater detention basins and open channels.

### Who performed the valuation

Valuations were undertaken by Australian Pacific Valuers.

### When was it valued

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2019. An interim valuation (desktop) was undertaken by APV at 30 June 2022.

### How was it valued

The valuations were performed using the cost approach. The approach estimated the replacement cost for each asset based on calculated replacement cost and condition. Due to the nature of these assets condition was determined by service history of the assets and local knowledge which was used to calibrate age-based condition models.

The assets were segmented based on location of drainage pits and pipe specifications (type, size, class etc). Gross values were attributed to these segments based on the relevant unit rates and quantity measured in linear metres. Fair value was then determined considering the condition and relevant patterns of consumption. These component values were then combined to determine the overall valuation for each asset.

Due to limitations in the historical records of these very long-lived buried assets there remains some uncertainty regarding the actual design, specifications and dimensions of some assets. Other inputs such as useful life and required extensive professional judgement and impacted significantly on the final determination of fair value.

### What Level inputs were used

No Level 2 inputs (Market based evidence) are available for this asset class. As such these assets were classified as having been valued using Level 3 valuation inputs.

The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

### Changes in valuation methodology

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

## Water Supply Network

## E2-1 Fair value measurement (continued)

### What was valued

Water supply network assets including water treatment plants, reservoirs, and reticulation assets.

### Who performed the valuation

Valuations were undertaken by Australian Pacific Valuers.

### When was it valued

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2021. An interim valuation (desktop) was undertaken by APV at 30 June 2022.

### How was it valued

The valuations were performed using the cost approach. The approach estimated the replacement cost for each asset based on calculated replacement cost and condition. Due to the nature of these assets condition was determined by service history of the assets and local knowledge which was used to calibrate age-based condition models.

The assets were segmented based on location of drainage pits and pipe specifications (type, size, class etc). Gross values were attributed to these segments based on the relevant unit rates and quantity measured in linear metres. Fair value was then determined considering the condition and relevant patterns of consumption. These component values were then combined to determine the overall valuation for each asset.

Due to limitations in the historical records of these very long-lived buried assets there remains some uncertainty regarding the actual design, specifications and dimensions of some assets. Other inputs such as useful life and required extensive professional judgement and impacted significantly on the final determination of fair value.

### What Level inputs were used

No Level 2 inputs (Market based evidence) are available for this asset class. As such these assets were classified as having been valued using Level 3 valuation inputs.

The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

### Changes in valuation methodology

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

## Sewerage Network

### What was valued

Sewerage network assets include sewer treatment plants, pump stations and reticulation assets.

### Who performed the valuation

Valuations were undertaken by Australian Pacific Valuers.

### When was it valued

A comprehensive valuation using the cost approach undertaken for this asset class at 30 June 2021. An interim valuation (desktop) was undertaken by APV at 30 June 2022.

### How was it valued

The valuations were performed using the cost approach. The approach estimated the replacement cost for each asset based on calculated replacement cost and condition. Due to the nature of these assets condition was determined by service history of the assets and local knowledge which was used to calibrate age-based condition models.

The assets were segmented based on location of drainage pits and pipe specifications (type, size, class etc). Gross values were attributed to these segments based on the relevant unit rates and quantity measured in linear metres. Fair value was then determined considering the condition and relevant patterns of consumption. These component values were then combined to determine the overall valuation for each asset.

Due to limitations in the historical records of these very long-lived buried assets there remains some uncertainty regarding the actual design, specifications and dimensions of some assets. Other inputs such as useful life and required extensive professional judgement and impacted significantly on the final determination of fair value.

### What Level inputs were used

No Level 2 inputs (Market based evidence) are available for this asset class. As such these assets were classified as having been valued using Level 3 valuation inputs.

Due to limitations in the historical records of these very long-lived buried assets there remains some uncertainty regarding the actual design, specifications and dimensions of some assets. Other inputs such as useful life and required extensive professional judgement and impacted significantly on the final determination of fair value.

The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset
- Gross replacement cost

### Changes in valuation methodology

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

## Other

## E2-1 Fair value measurement (continued)

### What was valued

This asset class comprises miscellaneous minor plant and other items not included in the asset classes above.

### Who performed the valuation

Other assets were valued in house.

### When was it valued

Other asset values are assessed annually.

### How was it valued

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

### What Level inputs were used

No Level 2 inputs (Market based evidence) are available therefore Level 3 inputs (Significant unobservable inputs) were used for this asset class. The unobservable Level 3 inputs used include:

- Useful life
- Residual value (ie the estimated amount that council would currently obtain from the asset at the end of its useful life, in most cases zero)
- Gross replacement cost

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

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

AASB 13 Fair Value Measurement requires disclosure of fair value measurement using the following fair value hierarchy and techniques:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly
- Level 3 – Unobservable inputs for asset or liability

## General information

### Fair Value Valuation Techniques

The valuation techniques prescribed by AASB13 can be summarised as:

- Cost Approach: A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost)
- Income Approach: A valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.
- Market Approach: A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

## Valuation Approach and Level used by Griffith City Council

### Valuation techniques used to derive Fair Values

Due to the nature of Council assets and the absence of an active market, Council utilises the cost approach for most of the assets.

Likewise, for the majority of assets Council is unable to derive fair valuations using quoted market prices of identical assets (Level 1 inputs) or observable inputs (Level 2 inputs). Council therefore utilises unobservable inputs (Level 3 inputs).

The following Level 3 inputs were used:

- **Asset quantity**  
Asset quantity was derived from a combination of desktop survey and physical inspection.
- **Unit Rates**  
For asset classes valued in house unit rate information is determined by consultation with relevant engineering and operations staff.
- **Asset Condition**  
Asset condition was assessed via specialist asset inspection contractors and asset valuation professionals.

For exposed asset classes such as buildings, roads and footpaths condition can be readily assessed via physical inspection. A visual inspection process was completed and condition was reported in relation to several criteria which were then combined to arrive at an overall condition index.

For buried assets such as water, sewer and drainage reticulation assets, it is more difficult to assess the condition because the assets are covered. In these cases, the condition was determined by service history of the assets and local knowledge which was used to calibrate age based condition models.

## E2-1 Fair value measurement (continued)

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- **Pattern of Consumption**  
The pattern of consumption for all assets is straight line.
- **Useful Life**  
Useful life was determined by Council staff in conjunction with consultants based on engineering experience, local knowledge and historic data.
- **Valuation Processes**  
Griffith City Council uses independent and qualified valuers to determine the fair value of the assets listed in this note. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

Under the cost approach fair value is estimated by calculating the cost to replace the asset based on unit rates and quantities. This is then adjusting to take account of an accumulated depreciation based on asset condition and pattern of consumption, useful life and pattern of consumption of the future economic benefit.

## E2-1 Fair value measurement (continued)

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational Land	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>9,812</b>	10,340	<b>1,494</b>	1,463	<b>1,390</b>	1,325	<b>19,113</b>	17,502
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	–	–	<b>1,423</b>	883
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	–	–	–	–	–	728
Purchases (Gross Book Value)	<b>2,013</b>	1,532	<b>484</b>	292	<b>501</b>	151	–	–
Disposals (Written Down Value)	<b>(560)</b>	(486)	–	–	–	–	–	–
Depreciation and impairment	<b>(1,600)</b>	(1,574)	<b>(245)</b>	(261)	<b>(100)</b>	(86)	–	–
<b>Closing balance</b>	<b>9,665</b>	9,812	<b>1,733</b>	1,494	<b>1,791</b>	1,390	<b>20,536</b>	19,113

\$ '000	Community Land		Buildings		Other structures		Roads	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>9,168</b>	9,168	<b>72,339</b>	68,401	<b>16,588</b>	9,628	<b>287,599</b>	286,008
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	–	–	<b>5,095</b>	3,596	<b>2,085</b>	183	<b>5,002</b>	474
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	–	5	–	(62)	–	–
Purchases (Gross Book Value)	–	–	<b>8,345</b>	1,877	<b>269</b>	7,217	<b>10,640</b>	5,474
Depreciation and impairment	–	–	<b>(1,496)</b>	(1,540)	<b>(484)</b>	(378)	<b>(4,428)</b>	(4,357)
<b>Closing balance</b>	<b>9,168</b>	9,168	<b>84,283</b>	72,339	<b>18,458</b>	16,588	<b>298,813</b>	287,599

\$ '000	Bridges		Footpaths		Stormwater drainage		Water supply network	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>4,142</b>	3,946	<b>9,927</b>	9,442	<b>59,311</b>	60,696	<b>147,512</b>	149,781
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>(153)</b>	233	<b>26</b>	433	<b>365</b>	(490)	<b>3,244</b>	(2,079)
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	–	–	–	–	–	(5)
Purchases (Gross Book Value)	–	–	<b>552</b>	361	<b>725</b>	7	<b>2,120</b>	2,030
Depreciation and impairment	<b>(38)</b>	(37)	<b>(320)</b>	(309)	<b>(895)</b>	(902)	<b>(2,203)</b>	(2,215)
<b>Closing balance</b>	<b>3,951</b>	4,142	<b>10,185</b>	9,927	<b>59,506</b>	59,311	<b>150,673</b>	147,512

\$ '000	Sewerage network		Open space/ recreational assets		Other assets		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Opening balance</b>	<b>113,065</b>	138,852	<b>14,440</b>	14,336	<b>6,777</b>	4,885	<b>772,677</b>	<b>785,773</b>
Recognised in other comprehensive income – revaluation surplus	<b>5,663</b>	(24,089)	<b>1,715</b>	229	–	–	<b>24,465</b>	<b>(20,627)</b>

continued on next page ...

## E2-1 Fair value measurement (continued)

\$ '000	Sewerage network		Open space/ recreational assets		Other assets		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Transfers from/(to) another asset class	-	-	-	62	-	-	-	728
Purchases (Gross Book Value)	393	507	2,286	479	1,971	2,279	30,299	22,206
Disposals (Written Down Value)	-	-	-	-	(20)	-	(580)	(486)
Depreciation and impairment	(1,875)	(2,205)	(700)	(666)	(520)	(387)	(14,904)	(14,917)
<b>Closing balance</b>	<b>117,246</b>	<b>113,065</b>	<b>17,741</b>	<b>14,440</b>	<b>8,208</b>	<b>6,777</b>	<b>811,957</b>	<b>772,677</b>

### Highest and best use

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

## E3-1 Contingencies

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

### 1. Guarantees

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

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

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

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The Fund provides pooling arrangements for the defined benefit obligations of NSW based Local Government Councils and a number of associated entities. As such, it has an exemption from many of the reporting requirements associated with AASB119.

Member councils are treated as pooled employers and are required to pay standard employer contributions and additional lump sum contributions to the fund.

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

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

\* For 180 Point Members, Employers are required to contribute 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increases in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contribution of \$40.0 million per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liability as at 30 June 2021. It is estimated that there are **\$32,954** past service contributions remaining. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

## E3-1 Contingencies (continued)

The plan is a defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was **\$94,618**. The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is **\$88,445**

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

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

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

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

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

Investment return	5.5% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been reviewed by the Fund Actuary, the final end of year review will be completed by December 2022.

Council's additional lump sum contribution per annum is around **0.16%** of the total additional sum contribution for all Pooled Employers (of \$40m for each year from 1 July 2019 to 30 December 2021 and \$20m for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

### (ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June 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.

## E3-1 Contingencies (continued)

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### (iv) Other guarantees

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

## 2. Other

### (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.

## ASSETS NOT RECOGNISED

### (i) Land under roads

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

### (ii) Infringement notices/fines

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

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

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

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

### (iii) Rural fire fighting assets

Consistent with prior reporting periods, Council has recognised only the land and buildings used by the Rural Fire Service situated within the Local Government area, however, it does not account for Rural Fire Service equipment.

## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
<b>Compensation:</b>		
Short-term benefits	1,804	1,640
Post-employment benefits	136	118
Other long-term benefits	36	32
<b>Total</b>	<b>1,976</b>	<b>1,790</b>

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

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
<b>2022</b>					
Related Parties, which are Suppliers of Council, supplying goods and services	66		– Contracts, purchase orders or tenders	–	–

## 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	44	44
Councillors' fees	232	243
Other Councillors' expenses (including Mayor)	101	52
<b>Total</b>	<b>377</b>	<b>339</b>

## F2 Other relationships

### F2-1 Audit fees

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	60	52
<b>Total Auditor-General remuneration</b>	<b>60</b>	<b>52</b>

#### Non NSW Auditor-General audit firms

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

Audit and review of financial statements	6	1
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>6</b>	<b>1</b>

<b>Total audit fees</b>	<b>66</b>	<b>53</b>
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## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	<b>21,421</b>	17,468
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	15,369	14,885
(Gain) / loss on disposal of assets	(211)	27
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments	1,855	–
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	682	(3,477)
(Increase) / decrease of inventories	(108)	(156)
(Increase) / decrease of other current assets	53	(275)
Increase / (decrease) in payables	2,327	1,921
Increase / (decrease) in other accrued expenses payable	(205)	142
Increase / (decrease) in other liabilities	158	804
Increase / (decrease) in contract liabilities	2,620	5,100
Increase / (decrease) in employee benefit provision	7	(545)
Increase / (decrease) in other provisions	(677)	5,569
<b>Net cash flows from operating activities</b>	<b>43,291</b>	<b>41,463</b>

## 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:		
<b>Property, plant and equipment</b>		
Car Park Olympic Street	16	161
Construction DC605 J Culvert Yoogali	6	381
Griffith Community Youth Centre	–	399
Griffith Sport Precinct Development	1,004	19,246
Plant and equipment	2,093	790
Street Lighting Thorne Rd & Walla Ave	65	–
Parks & Gardens Shed Redevelopment	–	1,202
Yambil Street Upgrade (Stage 3 & 4)	1,403	3,891
<b>Total commitments</b>	<b>4,587</b>	<b>26,070</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	4,587	5,622
Later than one year and not later than 5 years	–	20,448
<b>Total payable</b>	<b>4,587</b>	<b>26,070</b>

## G3-1 Events occurring after the reporting date

The NSW Government declared a natural disaster for the Griffith local government area on 4 August 2022 and 14 September 2022 due to severe weather and flooding (AGRN 1030 and AGRN 1034).

Council's road network has been damaged by these events. The damage is still being assessed but is not deemed to be excessive and will be the subject of funding submissions to repair. There has been no significant impact on key infrastructure other than roads.

No adjustments have been made to the balances reported at 30 June 2022 as a result of these events.

## 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 - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2022
Traffic facilities	112	-	(3)	-	109
Parking	(35)	-	-	-	(35)
Open space	289	-	(8)	-	281
Community facilities	96	-	(3)	-	93
<b>S7.11 contributions – under a plan</b>	<b>462</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>448</b>
<b>S7.12 levies – under a plan</b>	<b>1,828</b>	<b>1,198</b>	<b>(51)</b>	<b>(155)</b>	<b>2,820</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>2,290</b>	<b>1,198</b>	<b>(65)</b>	<b>(155)</b>	<b>3,268</b>
S7.11 not under plans	7	-	-	-	7
S64 contributions	10,375	2,534	(287)	(618)	12,004
<b>Total contributions</b>	<b>12,672</b>	<b>3,732</b>	<b>(352)</b>	<b>(773)</b>	<b>15,279</b>

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

## G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2022
<b>CONTRIBUTION PLAN – CAR PARKING</b>					
Parking	(35)	-	-	-	(35)
<b>Total</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35)</b>
<b>CONTRIBUTION PLAN – OPEN SPACE</b>					
Open space	222	-	(6)	-	216
<b>Total</b>	<b>222</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>216</b>
<b>CONTRIBUTION PLAN – COMMUNITY FACILITIES</b>					
Community facilities	96	-	(3)	-	93
<b>Total</b>	<b>96</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>93</b>
<b>CONTRIBUTION PLAN – NEIGHBOURHOOD PARKS</b>					
Open space	67	-	(2)	-	65
<b>Total</b>	<b>67</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>65</b>
<b>CONTRIBUTION PLAN – TRAFFIC MANAGEMENT</b>					
Traffic facilities	112	-	(3)	-	109
<b>Total</b>	<b>112</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>109</b>

## S7.12 Levies – under a plan

### Sec 94A from 01-07-10

Sec 94A from 01-07-10	1,828	1,198	(51)	(155)	2,820
<b>Total</b>	<b>1,828</b>	<b>1,198</b>	<b>(51)</b>	<b>(155)</b>	<b>2,820</b>

## G4-3 Contributions not under plans

### CONTRIBUTIONS NOT UNDER A PLAN

Open space	7	-	-	-	7
<b>Total</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>

## G5 Statement of performance measures

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

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021      2020		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>3,430</b>	<b>5.35%</b>	3.96%	4.96%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>64,151</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>51,795</b>	<b>61.82%</b>	67.30%	76.92%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>83,786</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>33,273</b>	<b>2.19x</b>	2.39x	2.80x	> 1.50x
Current liabilities less specific purpose liabilities	<b>15,223</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>19,819</b>	<b>5.23x</b>	5.67x	7.00x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>3,789</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>3,477</b>	<b>9.03%</b>	10.53%	8.29%	< 10.00%
Rates and annual charges collectable	<b>38,484</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>67,699</b>	<b>15.38</b>	18.55	14.23	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>4,401</b>	<b>months</b>	months	months	months

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets, and net loss of interests in joint ventures and associates.

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates.

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>4.14%</b>	1.22%	<b>(4.06)%</b>	4.81%	<b>19.90%</b>	14.40%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>51.83%</b>	57.02%	<b>88.06%</b>	92.66%	<b>91.48%</b>	93.10%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>2.19x</b>	2.41x	<b>788.29x</b>	1,485.23x	<b>15.74x</b>	2.15x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>6.83x</b>	9.31x	∞	∞	<b>2.58x</b>	2.32x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>1.91%</b>	2.84%	<b>23.80%</b>	25.03%	<b>20.48%</b>	23.42%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>6.62 months</b>	10.74 months	<b>46.18 months</b>	42.55 months	<b>30.55 months</b>	25.28 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G4-1 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 Council information and contact details

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**Principal place of business:**

1 Benerambah Street  
GRIFFITH NSW 2680

#### Contact details

**Mailing Address:**

PO Box 485  
GRIFFITH NSW 2680

**Telephone:** 1300 176 077

**Opening hours:**

8:15am to 4:00pm  
Monday to Friday

**Internet:** <http://www.griffith.nsw.gov.au>

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

#### Officers

**General Manager**

Brett Stonestreet

**Responsible Accounting Officer**

Max Turner

**Public Officer**

Shireen Donaldson

**Auditors**

Audit Office NSW  
15/1 Margaret Street  
Sydney NSW 2000

#### Elected members

**Mayor**

Cr Doug Curran

**Councillors**

Cr Glen Andrezza  
Cr Dino Zappacosta  
Cr Anne Napoli  
Cr Christine Stead  
Cr Simon Croce  
Cr Shari Blumer  
Cr Jenny Ellis  
Cr Manjit Singh Lally  
Cr Melissa Marin  
Cr Chris Sutton  
Cr Laurie Testoni

#### Other information

**ABN:** 81 274 100 792



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Griffith City Council

To the Councillors of Griffith City Council

### Qualified Opinion

I have audited the accompanying financial statements of Griffith City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

### Basis for Qualified Opinion

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

As disclosed in Notes C1-6 and E3-1 to the financial statements, 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 12 February 2008
- 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.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment that should be recorded in the Statement of Financial Position and related notes as at 30 June 2022
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2022
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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

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

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

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

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

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

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

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

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

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

My objectives are to:

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

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

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

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

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



Hong Wee Soh  
Delegate of the Auditor-General for New South Wales

22 December 2022  
SYDNEY



Cr Doug Curran  
Mayor  
Griffith City Council  
PO Box 485  
GRIFFITH NSW 2680

Contact: Hong Wee Soh  
Phone no: 02 9725 7397  
Our ref: D2227482/1733

22 December 2022

Dear Mayor

## Report on the Conduct of the Audit for the year ended 30 June 2022 Griffith City Council

I have audited the general purpose financial statements (GPFS) of the Griffith City 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. These issues and observations were addressed as part of my audit.

#### 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 12 February 2008

- 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	34.5	32.9	↑ 4.9
Grants and contributions revenue	31.9	24.8	↑ 28.6
Operating result from continuing operations	21.4	17.4	↑ 25.9
Net operating result before capital grants and contributions	1.8	2.3	↓ 21.7

Rates and annual charges revenue (\$34.5 million) increased by \$1.6 million (4.9 per cent) in 2021–22 due to IPART rate peg increase of 2.0 per cent and increase in the number of rateable properties.

Grants and contributions revenue (\$31.9 million) increased by \$7.1 million (28.6 per cent) in 2021–22 due to:

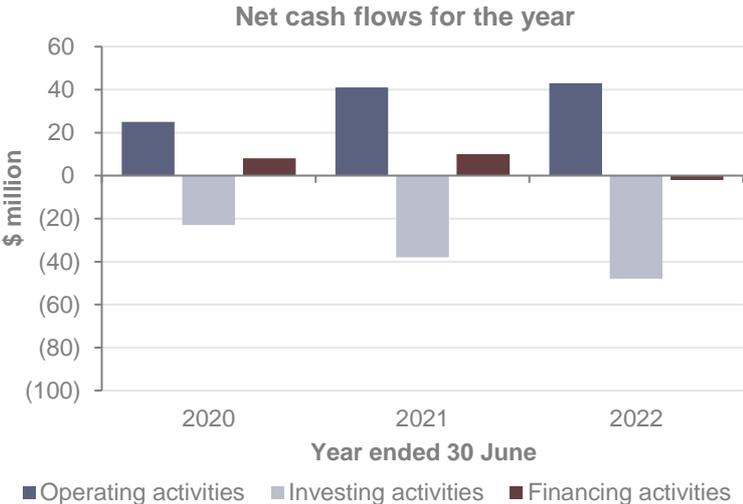
- increase of \$2.1 million of financial assistance grants
- increase of \$3.1 million of grants recognised for capital purposes, in particular for Regional Sports Infrastructure fund and Fixing Local Roads
- increase of \$1.1 million for Priority Local Roads Community Infrastructure Project Round 2 grants

The Council’s operating result from continuing operations (\$21.4 million including depreciation and amortisation expense of \$15.4 million) was \$4.0 million higher than the 2020–21 result due to an increase in rates and grants and contributions.

The net operating result before capital grants and contributions decreased by \$0.5 million due to increases in a combination of expenses from continuing operations.

## STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents were \$77.3 million (\$81.9 million 30 June 2021). Net decrease of cash and cash equivalents was \$4.6 million.
- \$13.6 million decrease in net cash flows from financing activities due to Council receiving \$13.0 million in borrowings in 2020-21.
- \$9.5 million increase in cash outflows from investing activities.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>77.2</b>	<b>81.9</b>	<ul style="list-style-type: none"> <li>• There was a significant decrease in cash, cash equivalents and investments due to a \$9.5 million decrease in managed funds</li> </ul>
Restricted and allocated cash, cash equivalents and investments:			<ul style="list-style-type: none"> <li>• Externally restricted funds decreased by \$2.7 million due to a decrease in specific purpose unexpended loans</li> </ul>
• External restrictions	63.6	66.3	
• Internal allocations	12.1	14.6	<ul style="list-style-type: none"> <li>• Internal allocations decreased by \$2.5 million due to a decrease in major projects reserve</li> </ul>

### Debt

Council has \$36.2 million in borrowings secured over the general rating income of Council as at 30 June 2022 (2021: \$39.0 million).

# PERFORMANCE

## Performance measures

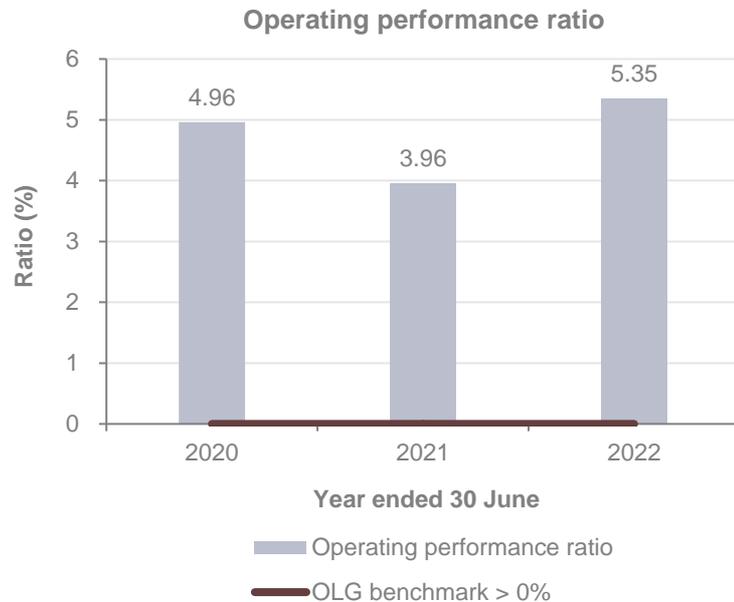
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

### Operating performance ratio

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

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

The operating performance ratio increased to 5.35 per cent (2021: 3.96 per cent) mainly due to increase in grants and contributions for operating purposes.

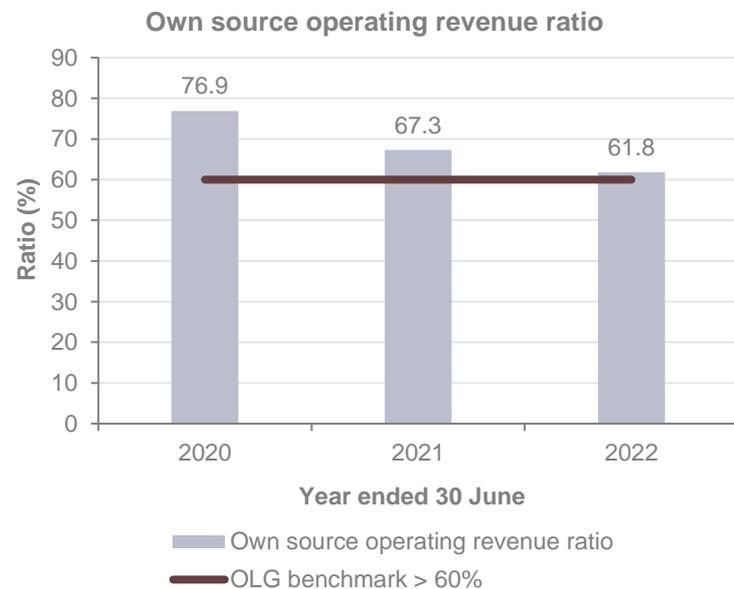


### Own source operating revenue ratio

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

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

The own source operating revenue decreased to 61.8 per cent from 67.3 per cent due to the increase in grants and contributions.

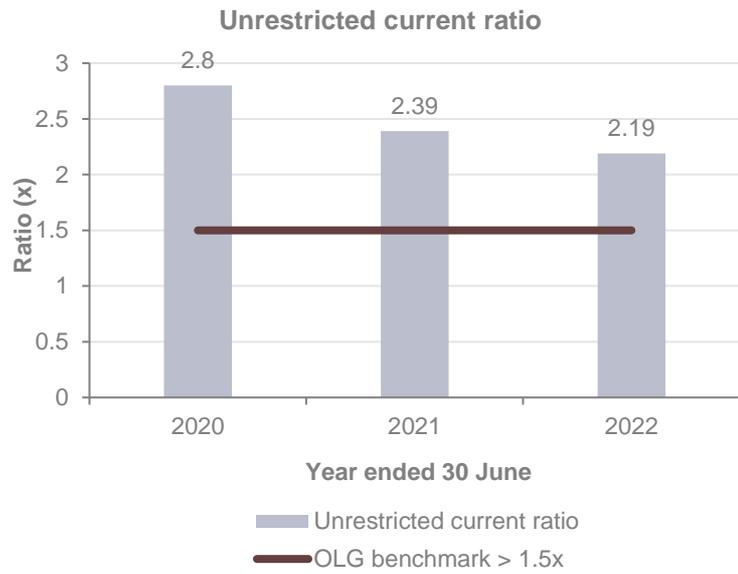


### Unrestricted current ratio

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

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

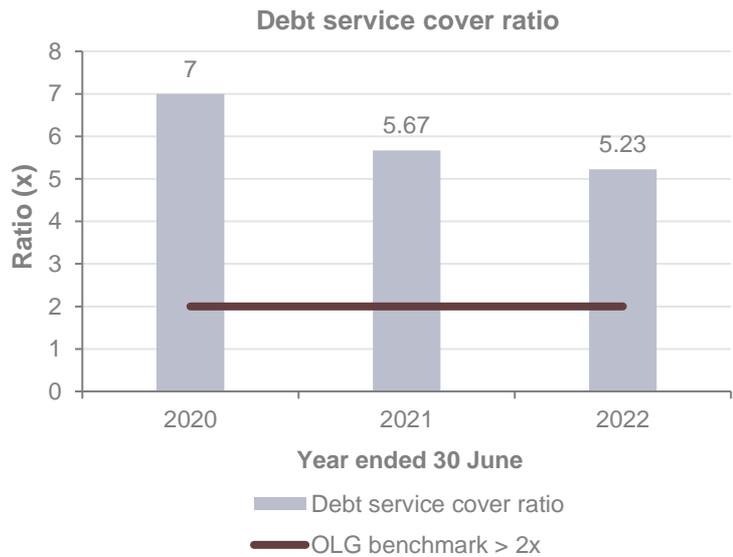
Council's unrestricted current ratio has remained consistent with the prior year.



### Debt service cover ratio

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

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

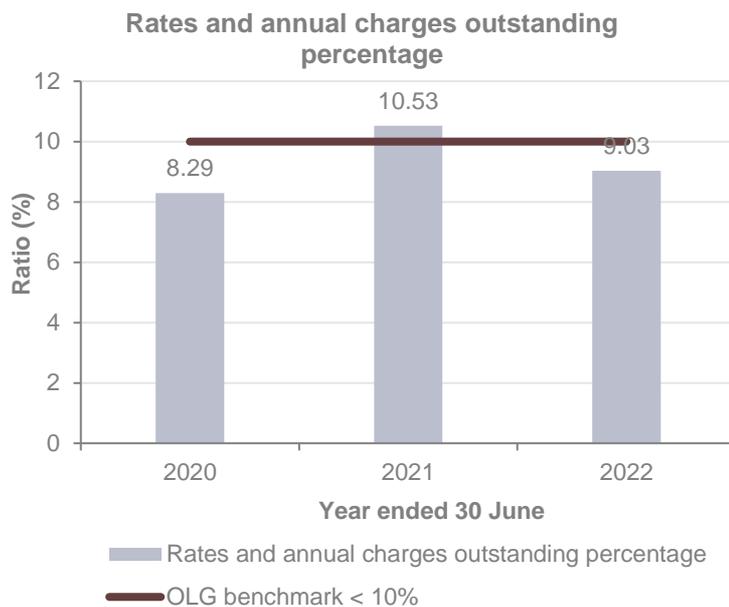


## Rates and annual charges outstanding percentage

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

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

The Council's rates and annual charges outstanding percentage of 9.03 per cent decreased from 10.53 per cent in the prior year.

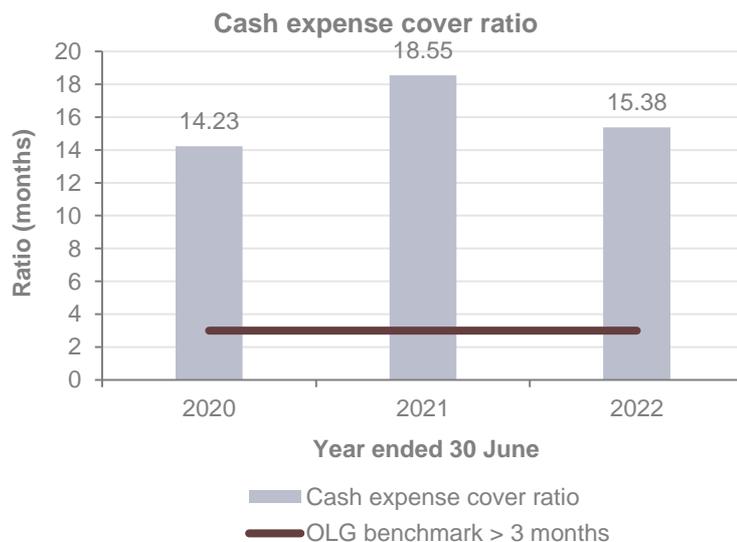


## Cash expense cover ratio

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

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

The Council's cash expense cover has slightly decreased due to decrease in cash from borrowings.



## Infrastructure, property, plant and equipment renewals

The Council renewed \$18.1 million of assets in the 2021-22 financial year, compared to \$17.8 million of renewed assets in the 2020-21 financial year.

## 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.



Hong Wee Soh

Delegate of the Auditor-General for New South Wales

cc: Mr Brett Stonestreet, General Manager  
Mr Stuart Heffer, Chair of the Audit, Risk and Improvement Committee  
Mr Michael Cassel, Secretary of the Department of Planning, Industry and Environment