

A nighttime photograph of a city street. In the foreground, a grassy area is illuminated with green light. Two tall palm trees stand prominently, their fronds and trunks also lit with green light. In the background, a multi-story commercial building is brightly lit with various signs and lights. A street with cars and traffic lights is visible between the trees and the building. The sky is dark blue.

General Purpose Financial Statement

for the year ended
30 June 2022

Burwood Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

Burwood Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:
2 Conder Street
BURWOOD NSW 2134

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.burwood.nsw.gov.au.

Burwood Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Burwood Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

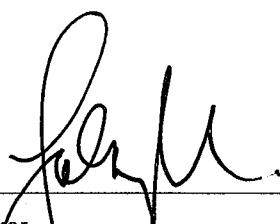
- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

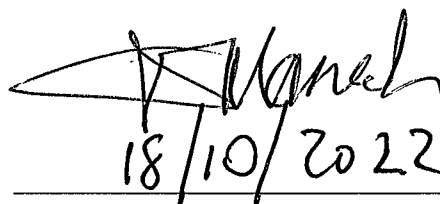
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

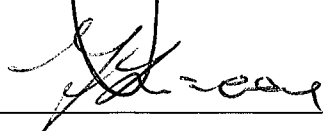
Signed in accordance with a resolution of Council made on 18 October 2022



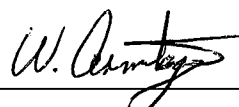
John Faker
Mayor
18 October 2022



George Mannah
Deputy Mayor
18 October 2022



Fab Zincone
Acting General Manager
18 October 2022



Wayne Armitage
Responsible Accounting Officer
18 October 2022

Burwood Council

Income Statement

for the year ended 30 June 2022

| Original unaudited budget 2022 | \$ '000 | Notes | Actual 2022 | Restated Actual 2021 |
|--|--|-------|----------------|----------------------------|
| Income from continuing operations | | | | |
| 33,687 | Rates and annual charges | B2-1 | 34,039 | 32,400 |
| 9,944 | User charges and fees | B2-2 | 6,806 | 8,245 |
| 4,879 | Other revenues | B2-3 | 4,937 | 5,122 |
| 2,599 | Grants and contributions provided for operating purposes | B2-4 | 3,979 | 2,760 |
| 5,780 | Grants and contributions provided for capital purposes | B2-4 | 4,352 | 7,768 |
| 650 | Interest and investment income | B2-5 | 506 | 549 |
| 2,347 | Other income | B2-6 | 1,695 | 1,743 |
| <u>59,886</u> | Total income from continuing operations | | <u>56,314</u> | <u>58,587</u> |
| Expenses from continuing operations | | | | |
| 22,922 | Employee benefits and on-costs | B3-1 | 19,816 | 20,376 |
| 23,825 | Materials and services | B3-2 | 23,773 | 22,271 |
| 340 | Borrowing costs | B3-3 | 314 | 344 |
| 9,563 | Depreciation and amortisation of intangible assets and IPP&E | B3-4 | 10,535 | 10,018 |
| 1,042 | Other expenses | B3-5 | 1,021 | 1,417 |
| – | Net loss from the disposal of assets | B4-1 | 1,081 | 1,686 |
| <u>57,692</u> | Total expenses from continuing operations | | <u>56,540</u> | <u>56,112</u> |
| <u>2,194</u> | Operating result from continuing operations | | <u>(226)</u> | <u>2,475</u> |
| <u>2,194</u> | Net operating result for the year attributable to Council | | <u>(226)</u> | <u>2,475</u> |
| <u>(3,644)</u> | Net operating result for the year before grants and contributions provided for capital purposes | | <u>(4,578)</u> | <u>(5,293)</u> |

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

Burwood Council

Statement of Comprehensive Income

for the year ended 30 June 2022

| \$ '000 | Notes | 2022 | Restated 2021 |
|---|-------|---------------|------------------|
| Net operating result for the year – from Income Statement | | (226) | 2,475 |
| Other comprehensive income: | | | |
| Amounts which will not be reclassified subsequently to the operating result | | | |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | C1-6 | 43,590 | 7,714 |
| Other comprehensive income (loss) – joint ventures and associates | D1-1 | – | (15) |
| Total items which will not be reclassified subsequently to the operating result | | 43,590 | 7,699 |
| Amounts which will be reclassified subsequently to the operating result when specific conditions are met | | | |
| Other movements | | – | 15 |
| Total items which will be reclassified subsequently to the operating result when specific conditions are met | | – | 15 |
| Total other comprehensive income (loss) for the year | | 43,590 | 7,714 |
| Total comprehensive income for the year attributable to Council | | 43,364 | 10,189 |

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

Burwood Council

Statement of Financial Position

as at 30 June 2022

| \$ '000 | Notes | 2022 | Restated 2021 | Restated 1 July 2020 |
|--|-----------|----------------|------------------|-------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | C1-1 | 15,198 | 20,551 | 10,781 |
| Investments | C1-2 | 14,250 | 27,250 | 47,250 |
| Receivables | C1-4 | 5,799 | 4,175 | 3,461 |
| Contract assets and contract cost assets | C1-5 | 175 | 612 | 539 |
| Other | C1-9 | 1,025 | 756 | 680 |
| Total current assets | | 36,447 | 53,344 | 62,711 |
| Non-current assets | | | | |
| Investments | C1-2 | 16,146 | 101 | – |
| Infrastructure, property, plant and equipment (IPPE) | C1-6 | 543,469 | 497,554 | 480,818 |
| Investment property | C1-7 | 4,975 | 4,700 | 4,340 |
| Intangible assets | C1-8 | 295 | 379 | 330 |
| Right of use assets | C2-1 | 860 | 1,078 | 1,296 |
| Investments accounted for using the equity method | D1-1,D2-3 | – | – | 15 |
| Total non-current assets | | 565,745 | 503,812 | 486,799 |
| Total assets | | 602,192 | 557,156 | 549,510 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | C3-1 | 8,753 | 10,464 | 11,069 |
| Contract liabilities | C3-2 | 7,287 | 2,415 | 3,671 |
| Lease liabilities | C2-1 | 214 | 212 | 206 |
| Borrowings | C3-3 | 727 | 684 | 721 |
| Employee benefit provisions | C3-4 | 5,665 | 7,215 | 6,976 |
| Total current liabilities | | 22,646 | 20,990 | 22,643 |
| Non-current liabilities | | | | |
| Lease liabilities | C2-1 | 681 | 895 | 1,107 |
| Borrowings | C3-3 | 5,076 | 4,802 | 5,487 |
| Employee benefit provisions | C3-4 | 142 | 186 | 179 |
| Total non-current liabilities | | 5,899 | 5,883 | 6,773 |
| Total liabilities | | 28,545 | 26,873 | 29,416 |
| Net assets | | 573,647 | 530,283 | 520,094 |
| EQUITY | | | | |
| Accumulated surplus | C4-1 | 244,603 | 244,829 | 242,354 |
| IPPE revaluation reserve | C4-1 | 329,044 | 285,454 | 277,740 |
| Council equity interest | | 573,647 | 530,283 | 520,094 |
| Total equity | | 573,647 | 530,283 | 520,094 |

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

Burwood Council

Statement of Changes in Equity

for the year ended 30 June 2022

| | Notes | 2022 | | | 2021 | | |
|---|-------|---------------------|--------------------------|----------------|------------------------------|-----------------------------------|-----------------------|
| | | Accumulated surplus | IPPE revaluation reserve | Total equity | Accumulated surplus Restated | IPPE revaluation reserve Restated | Total equity Restated |
| \$ '000 | | | | | | | |
| Opening balance at 1 July | | 244,829 | 285,454 | 530,283 | 250,563 | 277,740 | 528,303 |
| Correction of prior period errors | G4-1 | – | – | – | (8,209) | – | (8,209) |
| Restated opening balance | | 244,829 | 285,454 | 530,283 | 242,354 | 277,740 | 520,094 |
| Net operating result for the year | | (226) | – | (226) | 2,259 | – | 2,259 |
| Correction of prior period errors | G4-1 | – | – | – | 216 | – | 216 |
| Restated net operating result for the period | | (226) | – | (226) | 2,475 | – | 2,475 |
| Other comprehensive income | | | | | | | |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | C1-6 | – | 43,590 | 43,590 | – | 7,714 | 7,714 |
| Other comprehensive income | | – | 43,590 | 43,590 | – | 7,714 | 7,714 |
| Total comprehensive income | | (226) | 43,590 | 43,364 | 2,475 | 7,714 | 10,189 |
| Closing balance at 30 June | | 244,603 | 329,044 | 573,647 | 244,829 | 285,454 | 530,283 |

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

Burwood Council

Statement of Cash Flows

for the year ended 30 June 2022

| Original unaudited budget 2022 | \$ '000 | Notes | Actual 2022 | Restated Actual 2021 |
|---|---|-------|-----------------|----------------------------|
| Cash flows from operating activities | | | | |
| <i>Receipts:</i> | | | | |
| 33,694 | Rates and annual charges | | 33,604 | 32,180 |
| 8,578 | User charges and fees | | 6,219 | 8,563 |
| 640 | Interest received | | 486 | 678 |
| 8,931 | Grants and contributions | | 13,641 | 9,167 |
| 1,500 | Bonds, deposits and retentions received | | 1,025 | 1,282 |
| 7,160 | Other | | 9,262 | 9,602 |
| <i>Payments:</i> | | | | |
| (22,874) | Payments to employees | | (21,412) | (21,332) |
| (22,753) | Payments for materials and services | | (26,946) | (26,853) |
| (3,410) | Borrowing costs | | (315) | (344) |
| (1,000) | Bonds, deposits and retentions refunded | | (978) | (808) |
| (1,750) | Other | | (1,060) | (1,815) |
| 8,716 | Net cash flows from operating activities | G1-1 | 13,526 | 10,320 |
| Cash flows from investing activities | | | | |
| <i>Receipts:</i> | | | | |
| 25,000 | Sale of investments | | 25,000 | 43,000 |
| 550 | Proceeds from sale of IPPE | | 411 | 200 |
| <i>Payments:</i> | | | | |
| (25,000) | Purchase of investments | | (25,000) | (23,000) |
| – | Acquisition of term deposits | | (3,000) | – |
| (11,905) | Payments for IPPE | | (16,307) | (19,627) |
| – | Purchase of intangible assets | | (88) | (195) |
| (11,355) | Net cash flows from investing activities | | (18,984) | 378 |
| Cash flows from financing activities | | | | |
| <i>Receipts:</i> | | | | |
| 1,000 | Proceeds from borrowings | | 1,000 | – |
| <i>Payments:</i> | | | | |
| (726) | Repayment of borrowings | | (683) | (722) |
| (206) | Principal component of lease payments | | (212) | (206) |
| 68 | Net cash flows from financing activities | | 105 | (928) |
| (2,571) | Net change in cash and cash equivalents | | (5,353) | 9,770 |
| 22,000 | Cash and cash equivalents at beginning of year | | 20,551 | 10,781 |
| 19,429 | Cash and cash equivalents at end of year | C1-1 | 15,198 | 20,551 |
| 25,998 | plus: Investments on hand at end of year | C1-2 | 30,396 | 27,351 |
| 45,427 | Total cash, cash equivalents and investments | | 45,594 | 47,902 |

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

Burwood Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 18 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (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 investment properties – refer Note C1-8
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (iii) employee benefit provisions – refer Note C3-4.

Covid 19 Impacts

Covid 19 has caused a disruption to council's business practices with a majority of staff working remotely from home or at other council facilities away from the main administration building. Whilst this has caused some inconvenience it has not resulted in significant additional cost. Some costs have been incurred for additional equipment and staff salaries for employees required to isolate.

Council has provided some rent relief to lessees and to businesses to compensate for lost income due to the compulsory lockdown and some additional costs have been incurred in cleaning of council's facilities.

Rate collection is less than in previous year's due to Covid 19, other receivables have not been impacted as much. - refer Note C1-4.

Overall the financial impact has been better than originally expected and will be continually monitored in future years.

Council is of the view that physical non-current assets will not experience substantial declines in value due to Covid 19. Fair value of the majority of Council's non-current assets are determined by replacement costs where there is no anticipated material change in value due to Covid 19.

For assets where fair value is determined by market value Council has no evidence of material changes to these values.

A1-1 Basis of preparation (continued)

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:

- General purpose operations

The Trust Fund

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

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

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Volunteer services

Council does not have a material dependence on volunteer services, however the use of volunteer services is to provide opportunities for residents to experience different areas of the workforce, gain recognisable work experience, and allow them to identify and work towards future career goals. This also benefits Council as we are able to harness the skill sets of our local community without any expectation of paid employment.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie pronouncements) have been published that are not mandatory for 30 June 2022 reporting periods.

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 those standards 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 1 July 2021.

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

B Financial Performance

B1 Functions or activities

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

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

| \$ '000 | Income | | Expenses | | Operating result | | Grants and contributions | | Carrying amount of assets | |
|---------------------------------------|---------------|---------------|---------------|------------------|------------------|------------------|--------------------------|---------------|---------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 Restated | 2022 | 2021 Restated | 2022 | 2021 | 2022 | 2021 Restated |
| Functions or activities | | | | | | | | | | |
| Community Lifestyle | 2,164 | 1,879 | 9,103 | 8,834 | (6,939) | (6,955) | 676 | 355 | 56,928 | 46,801 |
| Leadership Innovation | 2,888 | 2,312 | 17,401 | 16,939 | (14,513) | (14,627) | 790 | 313 | 154,597 | 160,332 |
| Healthy Sustainable Environment | 10,043 | 9,949 | 13,983 | 13,398 | (3,940) | (3,449) | 1,849 | 2,320 | 135,221 | 111,363 |
| Planning Infrastructure | 12,132 | 16,862 | 14,940 | 15,908 | (2,808) | 954 | 3,835 | 6,654 | 254,758 | 237,229 |
| Vibrant City Villages | 10 | 64 | 1,113 | 1,033 | (1,103) | (969) | – | – | 688 | 1,431 |
| General purpose income | 29,077 | 27,521 | – | – | 29,077 | 27,521 | 1,181 | 886 | – | – |
| Total functions and activities | 56,314 | 58,587 | 56,540 | 56,112 | (226) | 2,475 | 8,331 | 10,528 | 602,192 | 557,156 |

B1-2 Components of functions or activities

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

Community and Lifestyle

The theme 'community and lifestyle' relates to supporting the community to create a feeling of belonging, inclusiveness and wellbeing amongst Burwood's diverse population. Community and lifestyle is about people being proud of where they live, feeling safe and engaged in the community and having access to facilities and services that ensure they can lead a healthy and satisfying lifestyle.

Leadership Innovation

This theme relates to the leadership not only of our elected representatives but also leaders in our business, volunteer, spiritual and environmental community. It is about encouraging greater participation and engagement in decision making processes and involving people in local activities and programs. Leadership through innovation is also about thinking outside the square to resolve some of the challenges facing our community as we strive to be a leading community in economic prosperity, environmental sustainability and social responsibility. We strive for community leadership that fosters our community values and celebrates our culture, diversity and heritage.

Healthy and Sustainable Environment

This theme is focused on maintaining and ensuring we live in a healthy, safe and sustainable natural environment. This theme aims to protect our natural resources and assets including parks, trees, open green spaces and also ensure that our impact on the environment is reduced so that we continue to live in a clean and sustainable environment. The community, Council and other governments all have a role to play in protecting our environment and taking responsibility for preserving our natural resources for future generations.

Planning and Infrastructure

This theme relates to the services and infrastructure that supports our community including roads, public transport, health facilities and education providers. It also encompasses our strategic planning to ensure we can accommodate our growing population. This theme aims to improve the quality and equitable access to services in our community and also to enhance the visual appearance of our neighbourhoods, streetscapes and town centre. Transport plays a major role in keeping our community physically connected to work, recreational spaces and services. Being able to move around easily plays a key role in the liveability and sustainability of our area.

Vibrant City and Villages

This theme relates to harnessing Burwood's strategic status and supporting the businesses and services that contribute to the wider Burwood economy. Burwood is characterised by a vibrant CBD and several business and shopping precincts. This theme aims to ensure an economically sustainable and prosperous future in Burwood with a strong network of services that support existing businesses and institutions, and attract new and diverse organisations. It also aims to stimulate the local economy and activate our surrounding villages to foster a sense of pride and enhance our local identity.

Other - Share of gains /losses in Joint Ventures (using equity method)

Council is a member of Mutual Management Services Ltd which is a company limited by guarantee and was created to provide services to the three CivicRisk self-insurance pools CivicRisk West (Westpool), CivicRisk (Metropool) and CivicRisk (United Independent Pools) to self insure for various risks, including public liability and professional indemnity.

General purpose income

General purpose income is that income not attributed to directly to Council's Activities or Functions. Income includes Rates & Annual Charges, Untied General Purpose Grants and Interest on Investments.

B2 Sources of income

B2-1 Rates and annual charges

| \$ '000 | 2022 | 2021 |
|---|---------------|---------------|
| Ordinary rates | | |
| Residential | 20,580 | 19,438 |
| Business | 6,694 | 6,446 |
| Less: pensioner rebates (mandatory) | (135) | (138) |
| Less: pensioner rebates (Council policy) | (243) | (208) |
| Rates levied to ratepayers | 26,896 | 25,538 |
| Pensioner rate subsidies received | 165 | 169 |
| Total ordinary rates | 27,061 | 25,707 |
| Annual charges | | |
| <small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small> | | |
| Domestic waste management services | 6,687 | 6,393 |
| Stormwater management services | 297 | 294 |
| Section 611 charges | 33 | 47 |
| Less: pensioner rebates (mandatory) | (39) | (41) |
| Less: pensioner rebates (Council policy) | (48) | (50) |
| Annual charges levied | 6,930 | 6,643 |
| Pensioner subsidies received: | | |
| – Domestic waste management | 48 | 50 |
| Total annual charges | 6,978 | 6,693 |
| Total rates and annual charges | 34,039 | 32,400 |

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 when the Council obtains control over the assets comprising these receipts.

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

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

B2-2 User charges and fees

| \$ '000 | Timing | 2022 | 2021 |
|---|--------|--------------|--------------|
| Specific user charges | | | |
| (per s.502 - specific 'actual use' charges) | | | |
| Other user charges and fees | | | |
| (i) Fees and charges – statutory and regulatory functions (per s.608) | | | |
| Private works – section 67 | 2 | 160 | 523 |
| Section 10.7 certificates (EP&A Act) | 2 | 98 | 89 |
| Section 603 certificates | 2 | 65 | 50 |
| Other | 2 | 2 | 5 |
| Developer fees | 2 | 400 | 897 |
| Engineering and administration | 2 | 1,216 | 1,508 |
| Licence and inspection fees | 2 | 259 | 214 |
| Licence fees – outdoor eating | 2 | 3 | 63 |
| Total fees and charges – statutory/regulatory | | 2,203 | 3,349 |
| (ii) Fees and charges – other (incl. general user charges (per s.608)) | | | |
| Community centres | 2 | 119 | 95 |
| Leaseback fees – Council vehicles | 2 | 187 | 209 |
| Park rents | 2 | 72 | 50 |
| Car parking meters | 2 | 1,549 | 1,927 |
| Car parking station | 2 | 761 | 925 |
| Street furniture advertising income | 2 | 1,019 | 923 |
| Swimming centre and gym fees | 2 | 829 | 714 |
| Other | 2 | 67 | 53 |
| Total fees and charges – other | | 4,603 | 4,896 |
| Total other user charges and fees | | 6,806 | 8,245 |
| Total user charges and fees | | 6,806 | 8,245 |
| Timing of revenue recognition for user charges and fees | | | |
| User charges and fees recognised over time (1) | | – | – |
| User charges and fees recognised at a point in time (2) | | 6,806 | 8,245 |
| Total user charges and fees | | 6,806 | 8,245 |

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. There is no material obligation for Council in relation to refunds or returns.

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 the term of the licence.

B2-3 Other revenues

| \$ '000 | Timing | 2022 | 2021 |
|---|--------|--------------|--------------|
| Fines | 2 | 179 | 180 |
| Fines – parking | 2 | 3,125 | 3,790 |
| Legal fees recovery – rates and charges (extra charges) | 2 | – | 2 |
| Legal fees recovery – other | 2 | 673 | 150 |
| Diesel rebate | 1 | 9 | 11 |
| Insurance claims recoveries | 1 | 5 | 4 |
| Sale of abandoned vehicles | 2 | 4 | 15 |
| Sales – general | 2 | 22 | 25 |
| Animal control fees | 1 | 17 | 13 |
| OHS incentive rebate | 1 | – | 68 |
| Recycling (domestic waste) | 2 | 46 | – |
| Trolley Impounding Fees | 2 | 583 | 742 |
| Other | 2 | 86 | 55 |
| Sales – library | 2 | 9 | 1 |
| Urban growth reimbursement | 2 | – | 4 |
| Workers compensation recovery | 2 | 179 | 62 |
| Total other revenue | | 4,937 | 5,122 |

Timing of revenue recognition for other revenue

| | | |
|---|--------------|--------------|
| Other revenue recognised over time (1) | 31 | 93 |
| Other revenue recognised at a point in time (2) | 4,906 | 5,029 |
| Total other revenue | 4,937 | 5,122 |

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

B2-4 Grants and contributions

| \$ '000 | Timing | Operating 2022 | Operating 2021 | Capital 2022 | Capital 2021 |
|--|--------|-------------------|-------------------|-----------------|-----------------|
| General purpose grants and non-developer contributions (untied) | | | | | |
| General purpose (untied) | | | | | |
| Current year allocation | | | | | |
| Financial assistance – general component | 2 | 466 | 428 | – | – |
| Financial assistance – local roads component | 2 | 141 | 138 | – | – |
| Payment in advance - future year allocation | | | | | |
| Financial assistance – general component | 2 | 715 | 458 | – | – |
| Financial assistance – local roads component | 2 | 219 | 149 | – | – |
| Amount recognised as income during current year | | 1,541 | 1,173 | – | – |
| Special purpose grants and non-developer contributions (tied) | | | | | |
| Cash contributions | | | | | |
| Environmental programs | 1 | 240 | 67 | – | – |
| Library – per capita | 2 | 108 | 104 | – | – |
| Library – special projects | 1 | 1 | 3 | 10 | 86 |
| LIRS subsidy | 2 | 8 | 17 | – | – |
| Recreation and culture | 1 | 144 | – | 2,262 | 2,164 |
| Community services | 2 | 82 | 83 | – | – |
| Family leave subsidy | 2 | 48 | 14 | – | – |
| Street lighting | 2 | 80 | 80 | – | – |
| Other | 2 | 785 | 28 | – | – |
| Traffic route subsidy | 2 | 19 | 18 | – | – |
| Transport (roads to recovery) | 2 | – | – | 162 | 338 |
| Transport (other roads and bridges funding) | 2 | 315 | 153 | 535 | 1,384 |
| Other specific grants | 2 | 84 | 110 | 174 | – |
| Previously contributions: | | | | | |
| Community services | 2 | 18 | 15 | – | – |
| Kerb and gutter | 1 | 217 | 636 | 788 | 613 |
| Roads and bridges | 2 | – | 22 | – | – |
| Transport for NSW contributions (regional roads, block grant) | 2 | 105 | 105 | – | – |
| Other contributions | 2 | 75 | 85 | – | – |
| LSL transfer between councils | 2 | 109 | 47 | – | – |
| Total special purpose grants and non-developer contributions – cash | | 2,438 | 1,587 | 3,931 | 4,585 |
| Total special purpose grants and non-developer contributions (tied) | | 2,438 | 1,587 | 3,931 | 4,585 |
| Total grants and non-developer contributions | | 3,979 | 2,760 | 3,931 | 4,585 |
| Comprising: | | | | | |
| – Commonwealth funding | | 144 | 18 | 165 | 846 |
| – State funding | | 3,489 | 2,012 | 2,980 | 3,126 |
| – Other funding | | 346 | 730 | 786 | 613 |
| | | 3,979 | 2,760 | 3,931 | 4,585 |

B2-4 Grants and contributions (continued)

Developer contributions

| \$ '000 | Notes | Timing | Operating 2022 | Operating 2021 | Capital 2022 | Capital 2021 |
|--|-------|--------|---------------------------|-------------------|-------------------------|-----------------|
| Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA): | G5 | | | | | |
| Cash contributions | | | | | | |
| S 7.4 – contributions using planning agreements | | 2 | – | – | 94 | 2,181 |
| S 7.11 – contributions towards amenities/services | | 2 | – | – | 327 | 1,002 |
| Total developer contributions – cash | | | – | – | 421 | 3,183 |
| Total developer contributions | | | – | – | 421 | 3,183 |
| Total contributions | | | – | – | 421 | 3,183 |
| Total grants and contributions | | | 3,979 | 2,760 | 4,352 | 7,768 |
| Timing of revenue recognition for grants and contributions | | | | | | |
| Grants and contributions recognised over time (1) | | | – | – | – | – |
| Grants and contributions recognised at a point in time (2) | | | 3,979 | 2,760 | 4,352 | 7,768 |
| Total grants and contributions | | | 3,979 | 2,760 | 4,352 | 7,768 |

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

| \$ '000 | Operating 2022 | Operating 2021 | Capital 2022 | Capital 2021 |
|---|-------------------|-------------------|-----------------|-----------------|
| Unspent grants and contributions | | | | |
| Unspent funds at 1 July | 18 | 27 | – | – |
| Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions | 11 | – | – | – |
| Add: Funds received and not recognised as revenue in the current year | – | 1 | – | – |
| Less: Funds recognised as revenue in previous years that have been spent during the reporting year | – | – | – | – |
| Less: operating grants received in a previous reporting period now transferred to a liability account | – | – | – | – |
| Less: Funds received in prior year but revenue recognised and funds spent in current year | (6) | (10) | – | – |
| Unspent funds at 30 June | 23 | 18 | – | – |
| Contributions | | | | |
| Unspent funds at 1 July | – | – | 11,179 | 17,267 |
| Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions | – | – | 507 | 3,289 |
| Less: contributions recognised as revenue in previous years that have been spent during the reporting year | – | – | (2,970) | (9,377) |
| Unspent contributions at 30 June | – | – | 8,716 | 11,179 |

Accounting policy

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations are satisfied.

Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income Under ASSB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

B2-4 Grants and contributions (continued)

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

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

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

B2-5 Interest and investment income

| \$ '000 | 2022 | 2021 |
|--|------------|------------|
| Interest on financial assets measured at amortised cost | | |
| – Overdue rates and annual charges (incl. special purpose rates) | 94 | 49 |
| – Cash and investments | 412 | 500 |
| Total interest and investment income (losses) | 506 | 549 |
| Interest and investment income is attributable to: | | |
| Unrestricted investments/financial assets: | | |
| Overdue rates and annual charges (general fund) | 94 | 49 |
| General Council cash and investments | 401 | 470 |
| Restricted investments/funds – external: | | |
| Development contributions | | |
| – Section 7.11 and Section 7.12 | 11 | 30 |
| Total interest and investment income | 506 | 549 |

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 unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

B2-6 Other income (continued)

| \$ '000 | Notes | 2022 | 2021 |
|--|-------|--------------|--------------|
| Fair value increment on investment properties | | | |
| Fair value increment on investment properties | | 275 | 360 |
| Total fair value increment on investment properties | C1-7 | 275 | 360 |
| Fair value increment on investments | | | |
| Fair value increment on investments through profit and loss | | 45 | 86 |
| Total Fair value increment on investments | | 45 | 86 |
| Rental income | | | |
| Investment properties | | | |
| Lease income relating to variable lease payments not dependent on an index or a rate | | 337 | 320 |
| Total Investment properties | | 337 | 320 |
| Other lease income | | | |
| Other | | 1,038 | 977 |
| Total other lease income | | 1,038 | 977 |
| Total rental income | C2-2 | 1,375 | 1,297 |
| Total other income | | 1,695 | 1,743 |

B3 Costs of providing services

B3-1 Employee benefits and on-costs

| \$ '000 | 2022 | 2021 |
|--|---------------|---------------|
| Salaries and wages | 14,278 | 15,527 |
| Employee termination costs (where material – other than vested leave paid) | 976 | 59 |
| Employee leave entitlements (ELE) | 2,037 | 2,403 |
| Superannuation | 1,821 | 1,821 |
| Workers' compensation insurance | 702 | 565 |
| Fringe benefit tax (FBT) | 130 | 229 |
| Other | 50 | 14 |
| Total employee costs | 19,994 | 20,618 |
| Less: capitalised costs | (178) | (242) |
| Total employee costs expensed | 19,816 | 20,376 |

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 | | 1,580 | 1,794 |
| Contractor and consultancy costs | | | |
| – Agency staff | | 2,214 | 2,137 |
| – Domestic waste | | 1,786 | 1,554 |
| – General | | 5,589 | 4,502 |
| – Recycling | | 494 | 505 |
| – SDR processing | | 518 | 550 |
| – Planning and development | | 555 | 513 |
| – Other contractor and consultancy costs | | 603 | 899 |
| Audit Fees | F2-1 | 155 | 122 |
| Councillor and Mayoral fees and associated expenses | F1-2 | 275 | 316 |
| Advertising | | 358 | 182 |
| Bank charges | | 184 | 206 |
| Electricity and heating | | 547 | 501 |
| Insurance | | 687 | 606 |
| Postage | | 119 | 92 |
| Printing and stationery | | 279 | 224 |
| Street lighting | | 503 | 500 |
| Subscriptions and publications | | 300 | 202 |
| Telephone and communications | | 81 | 85 |
| Computing | | 1,505 | 1,334 |
| Contributions/levies to other levels of government | | | |
| Other expenses | | 45 | 55 |
| Rental | | 83 | 81 |
| Strata levy | | 135 | 150 |
| Subscriptions LGA and SSROC | | 147 | 142 |
| Training Costs | | 51 | 83 |
| Valuation fees – council properties | | 3 | 7 |
| Valuation fees – rates land values | | 48 | 47 |
| Waste disposal fees | | 3,828 | 3,637 |
| Water and sewerage charges | | 160 | 127 |
| Expenses from short-term leases | | 11 | 15 |
| Legal expenses: | | | |
| – Legal expenses: planning and development | | 328 | 186 |
| – Legal expenses: debt recovery | | 1 | 7 |
| – Legal expenses: other | | 601 | 910 |
| Total materials and services | | 23,773 | 22,271 |
| Total materials and services | | 23,773 | 22,271 |

Accounting policy

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

B3-3 Borrowing costs

| \$ '000 | 2022 | 2021 |
|---|------------|------------|
| (i) Interest bearing liability costs | | |
| Interest on leases | 27 | 33 |
| Interest on loans | 287 | 311 |
| Total interest bearing liability costs | 314 | 344 |
| Total borrowing costs expensed | 314 | 344 |

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 and amortisation of intangible assets and IPP&E

| \$ '000 | Notes | 2022 | 2021 Restated |
|--|-------|---------------|------------------|
| Depreciation and amortisation | | | |
| Plant and equipment | | 911 | 1,013 |
| Office equipment | | 394 | 367 |
| Furniture and fittings | | 955 | 914 |
| Land improvements (depreciable) | | 75 | 72 |
| Infrastructure: | C1-6 | | |
| – Buildings – non-specialised | | 105 | 95 |
| – Buildings – specialised | | 2,258 | 1,983 |
| – Other structures | | 120 | 118 |
| – Roads | | 2,440 | 2,426 |
| – Footpaths | | 950 | 928 |
| – Other road assets | | 330 | 252 |
| – Stormwater drainage | | 723 | 712 |
| – Swimming pools | | 162 | 128 |
| – Other open space/recreational assets | | 481 | 417 |
| Right of use assets | C2-1 | 218 | 218 |
| Other assets: | | | |
| – Library books | | 137 | 136 |
| – Other | | 104 | 93 |
| Intangible assets | C1-8 | 172 | 146 |
| Total gross depreciation and amortisation costs | | 10,535 | 10,018 |
| Total depreciation and amortisation costs | | 10,535 | 10,018 |
| TOTAL DEPRECIATION AND AMORTISATION FOR INTANGIBLES AND IPP&E | | 10,535 | 10,018 |

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 C1-7 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.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

B3-5 Other expenses

| \$ '000 | Notes | 2022 | 2021 |
|--|-------|--------------|--------------|
| Impairment of receivables | | | |
| Other | | 90 | 37 |
| Total impairment of receivables | C1-4 | 90 | 37 |
| Other | | | |
| – Department of planning levy | | 80 | 79 |
| – Emergency services levy (includes FRNSW, SES, and RFS levies) | | 59 | 77 |
| – NSW fire brigade levy | | 707 | 748 |
| Donations, contributions and assistance to other organisations (Section 356) | | 85 | 476 |
| Total other | | 931 | 1,380 |
| Total other expenses | | 1,021 | 1,417 |

Accounting policy

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

In 2020-21 Council provided a \$30 Covid Rebate on all Residential properties under Section 356 of the Local Government Act. This amount totalling \$411,600 appears in the above Donations, contributions and assistance to other organisations (s356). This Covid Rebate did not occur in 2021-22.

B4 Gains or losses

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

| \$ '000 | Notes | 2022 | 2021 |
|--|-------|----------------|----------------|
| Gain (or loss) on disposal of plant and equipment | C1-6 | | |
| Proceeds from disposal – plant and equipment | | 408 | 198 |
| Less: carrying amount of plant and equipment assets sold/written off | | (127) | (107) |
| Gain (or loss) on disposal | | 281 | 91 |
| Gain (or loss) on disposal of infrastructure | C1-6 | | |
| Less: carrying amount of infrastructure assets sold/written off | | (1,359) | (1,779) |
| Gain (or loss) on disposal | | (1,359) | (1,779) |
| Gain (or loss) on disposal of office equipment | | | |
| Proceeds from disposal – office equipment | | 3 | 2 |
| Less: carrying amount of office equipment assets sold/written off | | (6) | – |
| Gain (or loss) on disposal | | (3) | 2 |
| Net gain (or loss) from disposal of assets | | (1,081) | (1,686) |

Accounting policy

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

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 29/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

| \$ '000 | 2022 Budget | 2022 Actual | 2022 ----- Variance ----- | | |
|--|----------------|----------------|------------------------------|-------|----------|
| Revenues | | | | | |
| Rates and annual charges | 33,687 | 34,039 | 352 | 1% | F |
| User charges and fees | 9,944 | 6,806 | (3,138) | (32)% | U |
| The variance is attributed to the effects Covid 19 has had on Council's income streams in relation to Developer and Construction fees, closure of the Enfield Aquatic Centre and Car Parking revenue streams. | | | | | |
| Other revenues | 4,879 | 4,937 | 58 | 1% | F |
| Operating grants and contributions | 2,599 | 3,979 | 1,380 | 53% | F |
| A favourable outcome due to State Government funding of projects (Festival of Place Opens Streets, Covid19 Pandemic Support Funding, Faster Regional Significant Development and Planning Portal) which were not originally budgeted. | | | | | |
| Capital grants and contributions | 5,780 | 4,352 | (1,428) | (25)% | U |
| The variance between actual and budget can be attributed to the down turn in the economy due to Covid 19, resulting in fewer Section 7.11 and Section 7.12 contributions being received from developers however Council did receive additional grant funding for capital works projects. | | | | | |
| Interest and investment revenue | 650 | 506 | (144) | (22)% | U |
| The continued low interest rates throughout the year resulted in less than anticipated interest returns. | | | | | |
| Other income | 2,347 | 1,695 | (652) | (28)% | U |
| The variance is attributed to the impact Covid 19 has had on Council's rental properties whereby Council provided rental assistance to our tenants and the inability to lease out a number of Council properties. | | | | | |

B5-1 Material budget variations (continued)

| \$ '000 | 2022 Budget | 2022 Actual | 2022 ----- Variance ----- | | |
|--|----------------|----------------|------------------------------|-------|---|
| Expenses | | | | | |
| Employee benefits and on-costs | 22,922 | 19,816 | 3,106 | 14% | F |
| The variance is attributed to a number of positions within the organisation being vacant and not replaced throughout the year awaiting Council's organisational restructure outcome. | | | | | |
| Materials and services | 23,825 | 23,773 | 52 | 0% | F |
| Borrowing costs | 340 | 314 | 26 | 8% | F |
| Depreciation, amortisation and impairment of non-financial assets | 9,563 | 10,535 | (972) | (10)% | U |
| Depreciation costs were over budget to forecast mainly due to the full impact of new assets coming on line and the continued renewal of council's infrastructure assets programme. | | | | | |
| Other expenses | 1,042 | 1,021 | 21 | 2% | F |
| Net losses from disposal of assets | - | 1,081 | (1,081) | ∞ | U |
| Council writes off infrastructure assets as part of it's renewal programme replacing the written down value of the assets with the current replacement costs of the renewal. | | | | | |

Statement of cash flows

| | | | | | |
|--|----------|----------|---------|-----|---|
| Cash flows from operating activities | 8,716 | 13,526 | 4,810 | 55% | F |
| The variance between actual and budget was attributed to the effects of Covid 19 had on Council's income streams, Council's organisational restructure, increase in depreciation costs associated with new assets coming on line and the write off of infrastructure assets through the capital works replacement programme. | | | | | |
| Cash flows from investing activities | (11,355) | (18,984) | (7,629) | 67% | U |
| The variance between actual and budget was attributed to the carryover of Capital Works projects from 2020-21 to 2021-22 financial year along with additional grant funded capital projects. | | | | | |
| Cash flows from financing activities | 68 | 105 | 37 | 54% | F |
| The variance is attributed to the late take up of borrowings resulting in no principal or interest paid during the year associated with the loan. | | | | | |

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

| \$ '000 | 2022 | 2021 |
|--|---------------|---------------|
| Cash assets | | |
| Cash on hand and at bank | 4,819 | 1,650 |
| Cash equivalent assets | | |
| – Deposits at call | 4,379 | 4,901 |
| – Short-term deposits | 6,000 | 14,000 |
| Total cash and cash equivalents | 15,198 | 20,551 |

Reconciliation of cash and cash equivalents

| | | |
|---|---------------|---------------|
| Total cash and cash equivalents per Statement of Financial Position | 15,198 | 20,551 |
| Balance as per the Statement of Cash Flows | 15,198 | 20,551 |

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 | 2022 | 2021 | 2021 |
|---|---------------|---------------|---------------|-------------|
| | Current | Non-current | Current | Non-current |
| Financial assets at fair value through the profit and loss | | | | |
| Long term deposits | 8,000 | 3,000 | 8,000 | – |
| NCD's, FRN's (with maturities > 3 months) | 6,250 | 13,000 | 19,250 | – |
| Other long term financial assets | – | 146 | – | 101 |
| Total | 14,250 | 16,146 | 27,250 | 101 |
| Total financial investments | 14,250 | 16,146 | 27,250 | 101 |
| Total cash assets, cash equivalents and investments | 29,448 | 16,146 | 47,801 | 101 |

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

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 interest in an insurance mutual "CivicRisk Mutual" (CRM) in the Statement of Financial Position.

Council's interest in its share of the surplus is calculated by CivicRisk Mutual Ltd's Actuary, and changes in fair value recognized, as an increase or decrease through its income statement at each reporting period. Fair value is calculated using the income approach whereby expected future cash flows are discounted to present value. Expected cash flows include investment income.

Prior to 1 July 2020 Council's interest in CRM was accounted for using the equity method due to the organisational structure and operational arrangements in place at that time Note D1-1 for further details.

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

| \$ '000 | 2022 | 2021 |
|--|-----------------|-----------------|
| (a) Externally restricted cash, cash equivalents and investments | | |
| Total cash, cash equivalents and investments | 45,594 | 47,902 |
| Less: Externally restricted cash, cash equivalents and investments | <u>(12,736)</u> | <u>(14,077)</u> |
| Cash, cash equivalents and investments not subject to external restrictions | 32,858 | 33,825 |

External restrictions

External restrictions – included in liabilities

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

External restrictions – other

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

| | | |
|---|---------------|--------|
| Developer contributions – general | 8,716 | 11,179 |
| Specific purpose unexpended grants (recognised as revenue) – general fund | 23 | 18 |
| Stormwater management | 275 | 27 |
| Unexpended general purpose loans | 2,000 | 1,000 |
| Domestic waste management | 1,722 | 1,853 |
| External restrictions – other | 12,736 | 14,077 |
| Total external restrictions | 12,736 | 14,077 |

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

| \$ '000 | 2022 | 2021 |
|--|-----------------|-----------------|
| (b) Internal allocations | | |
| Cash, cash equivalents and investments not subject to external restrictions | 32,858 | 33,825 |
| Less: Internally restricted cash, cash equivalents and investments | <u>(31,732)</u> | <u>(31,821)</u> |
| Unrestricted and unallocated cash, cash equivalents and investments | 1,126 | 2,004 |

Internal allocations

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

| | | |
|--|-------|-------|
| Plant and vehicle replacement | 2,091 | 2,060 |
| Employees leave entitlement | 1,189 | 1,516 |
| Carry over works | 1,270 | 2,496 |
| Deposits, retentions and bonds | 4,967 | 4,920 |
| Park upgrade | 770 | 934 |
| Car park upgrades | – | 574 |
| Closed circuit television monitoring | 193 | 193 |
| Election | 161 | 375 |
| Enfield aquatic centre maintenance/upgrade | 239 | 416 |
| Financial assistance grant (in advance) | 934 | 607 |
| Future property investment | 3,692 | 3,770 |
| Information technology | 835 | 760 |
| Insurances | – | 725 |
| Local area traffic management | 294 | 294 |
| Organisational alignment | – | 973 |
| Parking meter replacement | 466 | 366 |

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

| \$ '000 | 2022 | 2021 |
|---|---------------|---------------|
| Property maintenance | 1,222 | 1,711 |
| Property sales | 500 | 500 |
| Local environmental plan | 1,045 | 1,000 |
| Technology enhancements | 971 | 971 |
| Operations centre upgrade | 600 | 400 |
| Work health and safety | 429 | 429 |
| Business continuity (operational reimbursement) | 600 | 2,500 |
| Woodstock community building upgrade | 287 | 287 |
| Town centre festive decorations | 150 | 150 |
| Contract Liabilities (AASB 15 / AASB 1058) | 7,288 | 2,415 |
| Infrastructure - SRV | 1,114 | 33 |
| Other | 425 | 446 |
| Total internal allocations | 31,732 | 31,821 |

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

| \$ '000 | 2022 | 2021 |
|--|--------------|--------------|
| (c) Unrestricted and unallocated | | |
| Unrestricted and unallocated cash, cash equivalents and investments | 1,126 | 2,004 |

C1-4 Receivables

| \$ '000 | 2022 | | 2021 | |
|---|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Rates and annual charges | 1,891 | – | 1,430 | – |
| Interest and extra charges | 121 | – | 100 | – |
| User charges and fees | 1,608 | – | 629 | – |
| Private works | 55 | – | 55 | – |
| Accrued revenues | | | | |
| – Interest on investments | 115 | – | 116 | – |
| – Parking fine income | 401 | – | 353 | – |
| – Other income accruals | 817 | – | 232 | – |
| Government grants and subsidies | 503 | – | 355 | – |
| Net GST receivable | 520 | – | 1,049 | – |
| Other debtors - Active Kids | 5 | – | 3 | – |
| Other debtors | 8 | – | 7 | – |
| Total | 6,044 | – | 4,329 | – |
| Less: provision for impairment | | | | |
| User charges and fees | (245) | – | (154) | – |
| Total provision for impairment – receivables | (245) | – | (154) | – |
| Total net receivables | 5,799 | – | 4,175 | – |
| Externally restricted receivables | | | | |
| Domestic waste management | 391 | – | 303 | – |
| Stormwater management | 19 | – | 15 | – |
| Total external restrictions | 410 | – | 318 | – |
| Unrestricted receivables | 5,389 | – | 3,857 | – |
| Total net receivables | 5,799 | – | 4,175 | – |

| \$ '000 | 2022 | 2021 |
|---|------------|------------|
| Movement in provision for impairment of receivables | | |
| Balance at the beginning of the year (calculated in accordance with AASB 139) | 154 | 173 |
| + new provisions recognised during the year | 91 | 37 |
| – amounts already provided for and written off this year | – | (56) |
| Balance at the end of the year | 245 | 154 |

Accounting policy

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

Impairment

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

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

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

C1-4 Receivables (continued)

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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

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

Rates and annual charges outstanding are secured against the property.

Covid 19

Council's rates have had a moderate increase in outstanding collections however they are secured against the property and are within the Local Government performance measures, Council's user charges collections have not been significantly impacted by the Covid 19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision.

C1-5 Contract assets and Contract cost assets

| \$ '000 | 2022 Current | 2022 Non-current | 2021 Current | 2021 Non-current |
|---|-----------------|---------------------|-----------------|---------------------|
| Contract assets | 175 | – | 612 | – |
| Total contract assets and contract cost assets | 175 | – | 612 | – |

Accounting policy

Contract assets

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

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

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

Contract cost asset – costs to fulfil a contract

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

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

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

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

C1-6 Infrastructure, property, plant and equipment

| By aggregated asset class | At 1 July 2021 | | | Asset movements during the reporting period | | | | | | | At 30 June 2022 | | |
|---|--------------------------------|--|------------------------------|---|----------------------|-----------------------------|----------------------|---------------|--|--|-----------------------|---|---------------------|
| | Gross carrying amount Restated | Accumulated depreciation and impairment Restated | Net carrying amount Restated | Additions renewals ¹ | Additions new assets | Carrying value of disposals | Depreciation expense | WIP 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 | 2,213 | – | 2,213 | – | 1,317 | (53) | – | (1,895) | – | – | 1,582 | – | 1,582 |
| Plant and equipment | 11,131 | (5,791) | 5,340 | 1,015 | 35 | (127) | (911) | – | – | – | 11,526 | (6,174) | 5,352 |
| Office equipment | 3,160 | (1,431) | 1,729 | – | 110 | (5) | (394) | 16 | – | – | 3,261 | (1,805) | 1,456 |
| Furniture and fittings | 16,238 | (3,562) | 12,676 | – | 314 | – | (955) | – | – | – | 16,552 | (4,517) | 12,035 |
| Land: | | | | | | | | | | | | | |
| – Operational land | 121,430 | – | 121,430 | – | 811 | – | – | – | – | 21,372 | 143,613 | – | 143,613 |
| – Community land | 39,821 | – | 39,821 | – | – | – | – | – | – | 3,960 | 43,781 | – | 43,781 |
| Land improvements – non-depreciable | 208 | – | 208 | – | – | – | – | – | – | – | 208 | – | 208 |
| Land improvements – depreciable | 5,973 | (1,361) | 4,612 | 141 | – | (71) | (75) | – | (780) | – | 5,279 | (1,452) | 3,827 |
| Infrastructure: | | | | | | | | | | | | | |
| – Buildings – non-specialised | 4,915 | (3,311) | 1,604 | – | – | – | (105) | – | – | 149 | 5,404 | (3,756) | 1,648 |
| – Buildings – specialised | 113,129 | (15,723) | 97,406 | 513 | 198 | – | (2,258) | – | – | 9,538 | 125,166 | (19,769) | 105,397 |
| – Other structures | 4,412 | (952) | 3,460 | 18 | – | (31) | (120) | – | (323) | – | 3,741 | (737) | 3,004 |
| – Roads | 219,785 | (107,395) | 112,390 | 2,492 | 207 | (314) | (2,440) | – | – | 5,218 | 229,765 | (112,212) | 117,553 |
| – Footpaths | 74,879 | (39,175) | 35,704 | 1,982 | 59 | (481) | (950) | 122 | – | 1,694 | 79,263 | (41,133) | 38,130 |
| – Other road assets (including bulk earthworks) | 11,330 | (2,427) | 8,903 | 275 | 1,079 | (1) | (330) | 191 | – | 471 | 13,472 | (2,885) | 10,587 |
| – Stormwater drainage | 82,892 | (50,909) | 31,983 | 15 | 574 | (90) | (723) | 1,044 | – | 1,525 | 88,164 | (53,836) | 34,328 |
| – Swimming pools | 8,105 | (3,065) | 5,040 | 123 | – | (111) | (162) | 6 | – | 487 | 8,908 | (3,525) | 5,383 |
| – Other open space/recreational assets | 13,417 | (1,527) | 11,890 | 722 | 1,787 | (205) | (481) | 516 | – | 279 | 16,479 | (1,971) | 14,508 |
| Other assets: | | | | | | | | | | | | | |
| – Library books | 2,017 | (1,632) | 385 | – | 132 | – | (137) | – | – | – | 2,149 | (1,769) | 380 |
| – Other | 913 | (153) | 760 | – | 41 | – | (104) | – | – | – | 954 | (257) | 697 |
| Total infrastructure, property, plant and equipment ² | 735,968 | (238,414) | 497,554 | 7,296 | 6,664 | (1,489) | (10,145) | – | (1,103) | 44,693 | 799,267 | (255,798) | 543,469 |

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

(2) Infrastructure Assets (Roads, Footpaths and Drainage) includes disposal costs as part of the costs when valuing the 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 Restated | Accumulated depreciation and impairment Restated | Net carrying amount Restated | Additions renewals ¹ | Additions new assets | Carrying value of disposals | Depreciation expense | WIP transfers | Revaluation increments to equity (ARR) | Gross carrying amount Restated | Accumulated depreciation and impairment Restated | Net carrying amount Restated |
| \$ '000 | | | | | | | | | | | | |
| Capital work in progress | 923 | – | 923 | – | 2,201 | (18) | – | (893) | – | 2,213 | – | 2,213 |
| Plant and equipment | 9,943 | (5,077) | 4,866 | – | 1,603 | (116) | (1,013) | – | – | 11,131 | (5,791) | 5,340 |
| Office equipment | 2,662 | (1,064) | 1,598 | 470 | 28 | – | (367) | – | – | 3,160 | (1,431) | 1,729 |
| Furniture and fittings | 15,775 | (2,649) | 13,126 | 233 | 231 | – | (914) | – | – | 16,238 | (3,562) | 12,676 |
| Land: | | | | | | | | | | | | |
| – Operational land | 121,430 | – | 121,430 | – | – | – | – | – | – | 121,430 | – | 121,430 |
| – Community land | 35,915 | – | 35,915 | – | 429 | – | – | – | 3,477 | 39,821 | – | 39,821 |
| Land improvements – non-depreciable | – | – | – | – | 208 | – | – | – | – | 208 | – | 208 |
| Land improvements – depreciable | 5,688 | (1,317) | 4,371 | 28 | 291 | (6) | (72) | – | – | 5,973 | (1,361) | 4,612 |
| Infrastructure: | | | | | | | | | | | | |
| – Buildings – non-specialised | 4,174 | (3,216) | 958 | – | 741 | – | (95) | – | – | 4,915 | (3,311) | 1,604 |
| – Buildings – specialised | 108,584 | (14,697) | 93,887 | 2,040 | 1,872 | (103) | (1,983) | 882 | 811 | 113,129 | (15,723) | 97,406 |
| – Other structures | 3,979 | (834) | 3,145 | – | 433 | – | (118) | – | – | 4,412 | (952) | 3,460 |
| – Roads | 220,460 | (106,489) | 113,971 | 1,737 | – | (892) | (2,426) | – | – | 219,785 | (107,395) | 112,390 |
| – Footpaths | 73,163 | (39,275) | 33,888 | 3,023 | 368 | (647) | (928) | – | – | 74,879 | (39,175) | 35,704 |
| – Other road assets (including bulk earthworks) | 10,173 | (2,132) | 8,041 | 184 | 930 | (75) | (252) | – | 75 | 11,330 | (2,427) | 8,903 |
| – Stormwater drainage | 82,263 | (50,270) | 31,993 | 205 | 526 | (29) | (712) | – | – | 82,892 | (50,909) | 31,983 |
| – Swimming pools | 6,018 | (2,937) | 3,081 | – | 2,087 | – | (128) | – | – | 8,105 | (3,065) | 5,040 |
| – Other open space/recreational assets | 11,192 | (2,690) | 8,502 | 22 | 421 | – | (417) | 11 | 3,351 | 13,417 | (1,527) | 11,890 |
| Other assets: | | | | | | | | | | | | |
| – Library books | 1,875 | (1,496) | 379 | – | 142 | – | (136) | – | – | 2,017 | (1,632) | 385 |
| – Other | 889 | (145) | 744 | 105 | 4 | – | (93) | – | – | 913 | (153) | 760 |
| Total infrastructure, property, plant and equipment ² | 715,106 | (234,288) | 480,818 | 8,047 | 12,515 | (1,886) | (9,654) | – | 7,714 | 735,968 | (238,414) | 497,554 |

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

(2) Amounts were transferred from Other Assets to the Intangible Assets class (refer note 11). Recognition of software as Intangible Assets represents a change in accounting policy, effective 1 July 2018.

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.

Operational and Community Land were indexed based on Valuer General valuations as at 30 June 2021.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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 over their estimated useful lives as follows:

| Plant and equipment | Years | Other equipment | Years |
|-----------------------------------|--------------|--------------------------------------|--------------|
| Office equipment | 5 to 10 | Playground equipment | 15 to 25 |
| Office furniture | 5 to 20 | Benches, seats etc. | 10 to 20 |
| Computer equipment | 5 | | |
| Vehicles | 5 | Buildings | |
| Heavy plant/road making equipment | 8 to 10 | Buildings: masonry | 50 to 100 |
| Other plant and equipment | 5 to 20 | Buildings: other | 20 to 40 |
| Transportation assets | | Other infrastructure assets | |
| Sealed roads: surface | 20 to 30 | Bulk earthworks | Infinite |
| Sealed roads: structure | Infinite | Swimming pools | 60 |
| Unsealed roads | 20 | Unsealed roads | 20 |
| Bridge: concrete | 100 | Other open space/recreational assets | 15 to 80 |
| Bridge: other | 50 | Other infrastructure | 10 to 80 |
| Road pavements | 75 to 225 | Stormwater assets | 100 to 200 |
| Kerb, gutter and footpaths | 50 to 90 | | |

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

Land under roads

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

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

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

Crown reserves

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

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

Infrastructure, property, plant and equipment – current year impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

C1-7 Investment properties

| \$ '000 | 2022 | 2021 |
|---|--------------|--------------|
| Owned investment property | | |
| Investment property on hand at fair value | 4,975 | 4,700 |
| Total owned investment property | 4,975 | 4,700 |
| Owned investment property | | |
| At fair value | | |
| Opening balance at 1 July | 4,700 | 4,340 |
| Net gain/(loss) from fair value adjustments | 275 | 360 |
| Closing balance at 30 June | 4,975 | 4,700 |

Accounting policy

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income and other expenses.

C1-8 Intangible assets

Intangible assets are as follows:

| \$ '000 | 2022 | 2021 |
|---|------------|------------|
| Software | | |
| Opening values at 1 July | | |
| Gross book value | 2,511 | 2,316 |
| Accumulated amortisation | (2,132) | (1,986) |
| Net book value – opening balance | 379 | 330 |
| Movements for the year | | |
| Other movements | (46) | 46 |
| Purchases | 134 | 149 |
| Amortisation charges | (172) | (146) |
| Closing values at 30 June | | |
| Gross book value | 2,600 | 2,511 |
| Accumulated amortisation | (2,305) | (2,132) |
| Total software – net book value | 295 | 379 |
| Total intangible assets – net book value | 295 | 379 |

Accounting policy

IT development and software

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

C1-9 Other

Other assets

| \$ '000 | 2022 Current | 2022 Non-current | 2021 Current | 2021 Non-current |
|---------------------------|-----------------|---------------------|-----------------|---------------------|
| Prepayments | 1,025 | – | 756 | – |
| Total other assets | 1,025 | – | 756 | – |

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Vehicles

Council has entered into a Domestic Waste contract for the service of the collection of Residential waste throughout the Burwood Local Government area. As part of the Domestic Waste collection service, four (4) vehicles are leased with lease terms of seven (7) years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office and IT equipment

Council leases office and IT equipment which are generally for low value assets, except for significant items such as photocopiers. Council currently leases a Folding Machine, the lease expires on 30 April 2023 with no renewal option, the payments are fixed.

(a) Right of use assets

| \$ '000 | Plant & Equipment | Office Equipment | Total |
|----------------------------------|----------------------|---------------------|--------------|
| 2022 | | | |
| Opening balance at 1 July | 1,072 | 6 | 1,078 |
| Additions to right-of-use assets | – | – | – |
| Depreciation charge | (215) | (3) | (218) |
| Balance at 30 June | 857 | 3 | 860 |
| 2021 | | | |
| Opening balance at 1 July | 1,286 | 10 | 1,296 |
| Additions to right-of-use assets | – | – | – |
| Depreciation charge | (214) | (4) | (218) |
| Balance at 30 June | 1,072 | 6 | 1,078 |

(b) Lease liabilities

| \$ '000 | 2022 Current | 2022 Non-current | 2021 Current | 2021 Non-current |
|--------------------------------|-----------------|---------------------|-----------------|---------------------|
| Lease liabilities | 214 | 681 | 212 | 895 |
| Total lease liabilities | 214 | 681 | 212 | 895 |

(c) (i) The maturity analysis

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

| \$ '000 | < 1 year | 1 – 5 years | > 5 years | Total | Total per Statement of Financial Position |
|-------------|----------|-------------|-----------|-------|--|
| 2022 | | | | | |
| Cash flows | 212 | 683 | – | 895 | 895 |
| 2021 | | | | | |
| Cash flows | 212 | 895 | – | 1,107 | 1,107 |

C2-1 Council as a lessee (continued)

(ii) Lease liabilities relating to restricted assets

| \$ '000 | 2022 Current | 2022 Non-current | 2021 Current | 2021 Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| Total lease liabilities relating to unrestricted assets | 214 | 681 | 212 | 895 |
| Total lease liabilities | 214 | 681 | 212 | 895 |

(d) Income Statement

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

| \$ '000 | 2022 | 2021 |
|-------------------------------------|------------|------------|
| Interest on lease liabilities | 27 | 33 |
| Depreciation of right of use assets | 218 | 218 |
| | 245 | 251 |

(e) Statement of Cash Flows

| | | |
|-------------------------------|------------|------------|
| Total cash outflow for leases | 240 | 240 |
| | 240 | 240 |

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 received. The right-of-use asset 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.

C2-1 Council as a lessee (continued)

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to tenants under long-term leases with rentals payable monthly; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8).

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

| \$ '000 | 2022 | 2021 |
|---------|------|------|
|---------|------|------|

(i) Assets held as investment property

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

| | | |
|--|------------|------------|
| Lease income relating to variable lease payments not dependent on an index or a rate | 337 | 320 |
| Total income relating to operating leases for investment property assets | 337 | 320 |

Operating lease expenses

Investment properties

| | | |
|--|-----------|-----------|
| Direct operating expenses that generated rental income | 69 | 47 |
| Total expenses relating to operating leases | 69 | 47 |

(ii) Assets held as property, plant and equipment

| | | |
|--|--------------|------------|
| Lease income (excluding variable lease payments not dependent on an index or rate) | 1,038 | 977 |
| Total income relating to operating leases for Council assets | 1,038 | 977 |

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

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

| | | |
|---|--------------|--------------|
| < 1 year | 1,421 | 1,596 |
| 1–2 years | 1,489 | 1,437 |
| 2–3 years | 1,561 | 1,506 |
| 3–4 years | 1,395 | 1,580 |
| 4–5 years | 47 | 1,657 |
| > 5 years | 211 | 1,623 |
| Total undiscounted lease payments to be received | 6,124 | 9,399 |

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.

C2-2 Council as a lessor (continued)

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 |
|--|-----------------|---------------------|-----------------|---------------------|
| Goods and services – operating expenditure | 1,953 | – | 1,609 | – |
| Goods and services – capital expenditure | 862 | – | 3,207 | – |
| Prepaid rates | 323 | – | 297 | – |
| Accrued expenses: | | | | |
| – Borrowings | 23 | – | 24 | – |
| – Salaries and wages | 212 | – | 134 | – |
| – Other expenditure accruals | 386 | – | 269 | – |
| Security bonds, deposits and retentions | 4,967 | – | 4,920 | – |
| Other | 27 | – | 4 | – |
| Total payables | 8,753 | – | 10,464 | – |

C3-1 Payables (continued)

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 | 3,438 | 3,324 |
| Total payables | 3,438 | 3,324 |

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

| \$ '000 | Notes | 2022 Current | 2022 Non-current | 2021 Current | 2021 Non-current |
|--|-------|-----------------|---------------------|-----------------|---------------------|
| Grants and contributions received in advance: | | | | | |
| Unexpended capital grants (to construct Council controlled assets) | (i) | 5,908 | – | 1,273 | – |
| Unexpended operating grants (received prior to performance obligation being satisfied) | (ii) | 575 | – | 189 | – |
| Total grants received in advance | | 6,483 | – | 1,462 | – |
| User fees and charges received in advance: | | | | | |
| Other | | 804 | – | 953 | – |
| Total user fees and charges received in advance | | 804 | – | 953 | – |
| Total contract liabilities | | 7,287 | – | 2,415 | – |

Notes

(i) Council has received funding to construct and improve assets including sporting facilities and road 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.

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

| \$ '000 | 2022 | 2021 |
|--|--------------|--------------|
| Grants and contributions received in advance: | | |
| Capital grants (to construct Council controlled assets) | 1,331 | 2,112 |
| Operating grants (received prior to performance obligation being satisfied) | 11 | 12 |
| Total revenue recognised that was included in the contract liability balance at the beginning of the period | 1,342 | 2,124 |

C3-2 Contract Liabilities (continued)

Significant changes in contract liabilities

The significant movements in contract liabilities related to several Capital Grants received in prior years which were brought to account through the performance obligations of meeting the required milestones of the individual contracts.

Accounting policy

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

C3-3 Borrowings

| \$ '000 | 2022 Current | 2022 Non-current | 2021 Current | 2021 Non-current |
|------------------------------|-----------------|---------------------|-----------------|---------------------|
| Loans – secured ¹ | 727 | 5,076 | 684 | 4,802 |
| Total borrowings | 727 | 5,076 | 684 | 4,802 |

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

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

Borrowings relating to restricted assets

| \$ '000 | 2022 Current | 2022 Non-current | 2021 Current | 2021 Non-current |
|---|-----------------|---------------------|-----------------|---------------------|
| Total borrowings relating to unrestricted assets | 727 | 5,076 | 684 | 4,802 |
| Total borrowings | 727 | 5,076 | 684 | 4,802 |

Current borrowings not anticipated to be settled within the next twelve months

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

(a) Changes in liabilities arising from financing activities

| \$ '000 | 2021 Opening Balance | Cash flows | 2022 Closing balance |
|--|----------------------------|------------|----------------------------|
| Loans – secured | 5,486 | 317 | 5,803 |
| Lease liability (Note C2-1b) | 1,107 | (212) | 895 |
| Total liabilities from financing activities | 6,593 | 105 | 6,698 |

| \$ '000 | 2020 Opening Balance | Cash flows | 2021 Closing balance |
|--|----------------------------|--------------|----------------------------|
| Loans – secured | 6,208 | (722) | 5,486 |
| Lease liability (Note C2-1b) | 1,313 | (206) | 1,107 |
| Total liabilities from financing activities | 7,521 | (928) | 6,593 |

C3-3 Borrowings (continued)

(b) Financing arrangements

| \$ '000 | 2022 | 2021 |
|---|-----------|-----------|
| Total facilities | | |
| Credit cards/purchase cards | 50 | 50 |
| Total financing arrangements | 50 | 50 |
| Drawn facilities | | |
| – Credit cards/purchase cards | 21 | 6 |
| Total drawn financing arrangements | 21 | 6 |
| Undrawn facilities | | |
| – Credit cards/purchase cards | 29 | 44 |
| Total undrawn financing arrangements | 29 | 44 |

Accounting policy

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

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

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

C3-4 Employee benefit provisions

| \$ '000 | 2022 | 2022 | 2021 | 2021 |
|--|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Annual leave | 1,553 | – | 1,881 | – |
| Long service leave | 3,768 | 137 | 4,979 | 181 |
| Rostered Day Off | 82 | – | 70 | – |
| Time in lieu | 80 | – | 106 | – |
| Employee Leave Entitlement on-costs | 182 | 5 | 179 | 5 |
| Total employee benefit provisions | 5,665 | 142 | 7,215 | 186 |

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 | 3,426 | 4,750 |
| | 3,426 | 4,750 |

Description of and movements in provisions

| \$ '000 | ELE provisions | | | | Total |
|-------------------------------------|----------------|--------------------|--------------|-------------------------|--------------|
| | Annual leave | Long service leave | ELE on-costs | Other employee benefits | |
| 2022 | | | | | |
| At beginning of year | 1,881 | 5,160 | 184 | 176 | 7,401 |
| Other | (328) | (1,255) | 3 | (14) | (1,594) |
| Total ELE provisions at end of year | 1,553 | 3,905 | 187 | 162 | 5,807 |
| 2021 | | | | | |
| At beginning of year | 1,838 | 5,010 | 136 | 171 | 7,155 |
| Other | 43 | 150 | 48 | 5 | 246 |
| Total ELE provisions at end of year | 1,881 | 5,160 | 184 | 176 | 7,401 |

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

C3-4 Employee benefit provisions (continued)

On-costs

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

These amounts include superannuation, 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.

C3-5 Provisions

Provisions relating to restricted assets

| \$ '000 | 2022 Current | 2022 Non-Current | 2021 Current | 2021 Non-Current |
|---|-----------------|---------------------|-----------------|---------------------|
| Externally restricted assets | | | | |
| Domestic waste management | 69 | 6 | 104 | 12 |
| Provisions relating to externally restricted assets | 69 | 6 | 104 | 12 |
| Total provisions relating to restricted assets | 69 | 6 | 104 | 12 |

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.

Self-insurance

Council has decided to self-insure for various risks, including public liability and professional indemnity through a Joint Arrangement activity: "CivicRisk Mutual Ltd" comprising a number of Local Government Council's.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Interests in other entities

D1-1 Interests in joint arrangements

CivicRisk Mutual

Civic Risk Metro was an alliance of councils prior to 1 July 2020 who had joined together to protect member assets and liabilities through establishing manageable levels of self insured risk and minimising the cost of insurance of public liability and professional indemnity risks.

CivicRisk Metro

CivicRisk Mutual was an alliance of councils prior to 1 July 2020 who had joined together to protect member assets and liabilities through establishing manageable levels of self insured risk and minimising the cost of insurance of property, motor and other classes of risks.

Both joint ventures had the same year end date as the council.

Both Civic Risk Metro and CivicRisk Mutual operated on insurance principles, charging annual contributions to cover expected insurance and other costs and returning surplus funds to members from time to time as determined by their respective Boards. Council did not make loans or advances to either joint venture.

Material joint ventures

Prior to 1 July 2020 each member of the relevant joint entity has an equal voting right to each other member while they insure through the entity.

On 1 July 2020 the members decided to novate assets, liabilities and members equity of the joint ventures into CivicRisk Mutual Ltd for compliance and efficiency reasons. The members designed the Constitution and Membership Rules of CRM Ltd which ensures members are provided with a right to the surplus or deficit in protection years in which they were members. Council's share in CivicRisk Mutual is now disclosed in Note C1-2 Investments due to the change in operating structure as at 1 July 2020.

D1-1 Interests in joint arrangements (continued)

Accounting policy

The council has determined that it has only joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Investments in Associates and Joint Ventures.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the council discontinues recognising its share of further losses.

The council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the council for the purposes of the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

| \$ '000 | Carrying value 2022 | Carrying value 2021 | Fair value 2022 | Fair value 2021 |
|---|------------------------|------------------------|--------------------|--------------------|
| Financial assets | | | | |
| Measured at amortised cost | | | | |
| Cash and cash equivalents | 15,198 | 20,551 | 18,198 | 20,551 |
| Receivables | 5,799 | 4,175 | 5,250 | 4,175 |
| Fair value through profit and loss | | | | |
| Investments | | | | |
| – Held for trading | 30,396 | 27,351 | 27,360 | 27,351 |
| Total financial assets | 51,393 | 52,077 | 50,808 | 52,077 |
| Financial liabilities | | | | |
| Payables | 8,753 | 10,464 | 8,754 | 10,167 |
| Loans/advances | 5,803 | 5,486 | 5,803 | 5,486 |
| Total financial liabilities | 14,556 | 15,950 | 14,557 | 15,653 |

Fair value is determined as follows:

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

Council 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 its independent advisers (Imperium Markets) before placing any cash and investments.

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 advisers (Imperium Markets).

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.

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

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

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

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

(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 | 456 | 479 |

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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.

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

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 | |
| 2022 | | | | |
| Gross carrying amount | – | 1,788 | 103 | 1,891 |
| 2021 | | | | |
| Gross carrying amount | – | 1,383 | 47 | 1,430 |

Receivables - non-rates and annual charges and contract assets

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

The loss allowance provision as at 30 June 2021 is determined as follows. The expected credit losses incorporate forward-looking information.

| \$ '000 | Not yet overdue | Overdue debts | | | | Total |
|------------------------|--------------------|---------------|--------------|--------------|------------|------------|
| | | 0 - 30 days | 31 - 60 days | 61 - 90 days | > 91 days | |
| 2022 | | | | | | |
| Gross carrying amount | 2,666 | 1,118 | 138 | 54 | 352 | 4,328 |
| Expected loss rate (%) | 0.00% | 0.00% | 22.99% | 0.00% | 52.10% | 4.97% |
| ECL provision | – | – | 32 | – | 183 | 215 |
| 2021 | | | | | | |
| Gross carrying amount | 2,215 | 1,029 | 18 | 53 | 196 | 3,511 |
| Expected loss rate (%) | 0.00% | 0.00% | 0.00% | 0.00% | 86.21% | 4.81% |
| ECL provision | – | – | – | – | 169 | 169 |

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

(c) Liquidity risk

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

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

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

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

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

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

| \$ '000 | Weighted average interest rate | Subject to no maturity | payable in: ≤ 1 Year | 1 - 5 Years | > 5 Years | Total cash outflows | Actual carrying values |
|------------------------------------|---|------------------------------|-------------------------|----------------|--------------|------------------------|------------------------------|
| 2022 | | | | | | | |
| Payables | 0.00% | 4,967 | 3,787 | – | – | 8,754 | 8,753 |
| Borrowings | 3.91% | – | 1,033 | 3,797 | 973 | 5,803 | 5,803 |
| Total financial liabilities | | 4,967 | 4,820 | 3,797 | 973 | 14,557 | 14,556 |
| 2021 | | | | | | | |
| Payables | 0.00% | 4,920 | 5,247 | – | – | 10,167 | 10,464 |
| Borrowings | 4.00% | – | 973 | 3,195 | 1,318 | 5,486 | 5,486 |
| Total financial liabilities | | 4,920 | 6,220 | 3,195 | 1,318 | 15,653 | 15,950 |

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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).

| \$ '000 | Notes | Fair value measurement hierarchy | | | | | | | |
|--|-------|----------------------------------|----------|---------------------------------------|----------------|---|----------------|----------------|----------------|
| | | Date of latest valuation | | Level 2 Significant observable inputs | | Level 3 Significant unobservable inputs | | Total | |
| | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | | | | | | Restated | | Restated | |
| Recurring fair value measurements | | | | | | | | | |
| Investment property C1-7 | | | | | | | | | |
| Investment Property | | 30/06/22 | 30/06/21 | 4,975 | 4,700 | – | – | 4,975 | 4,700 |
| Total investment property | | | | 4,975 | 4,700 | – | – | 4,975 | 4,700 |
| Infrastructure, property, plant and equipment C1-6 | | | | | | | | | |
| Plant and office equipment and furniture and fittings | | 30/06/22 | 30/06/21 | – | – | 18,843 | 19,745 | 18,843 | 19,745 |
| Operational land | | 30/06/18 | 30/06/18 | 143,613 | 121,430 | – | – | 143,613 | 121,430 |
| Community land | | 30/06/22 | 30/06/21 | – | – | 43,781 | 39,821 | 43,781 | 39,821 |
| Land Improvements Non-depreciable | | 30/06/21 | 30/06/21 | – | – | 208 | 208 | 208 | 208 |
| Land improvements – depreciable | | 30/06/22 | 30/06/16 | – | – | 3,827 | 4,612 | 3,827 | 4,612 |
| Buildings – non-specialised | | 30/06/18 | 30/06/18 | 1,648 | 1,604 | – | – | 1,648 | 1,604 |
| Buildings – specialised | | 02/06/18 | 30/06/18 | – | – | 105,397 | 97,406 | 105,397 | 97,406 |
| Other structures | | 30/06/22 | 30/06/17 | – | – | 3,004 | 3,461 | 3,004 | 3,461 |
| Roads | | 30/06/20 | 30/06/20 | – | – | 117,553 | 112,389 | 117,553 | 112,389 |
| Footpaths and kerb and gutter | | 30/06/20 | 30/06/20 | – | – | 38,130 | 35,704 | 38,130 | 35,704 |
| Drainage infrastructure | | 30/06/20 | 30/06/20 | – | – | 34,328 | 31,983 | 34,328 | 31,983 |
| Swimming pools | | 30/06/18 | 30/06/18 | – | – | 5,383 | 5,040 | 5,383 | 5,040 |
| Library books | | 30/06/16 | 30/06/16 | – | – | 380 | 385 | 380 | 385 |
| Other assets | | 30/06/14 | 30/06/14 | – | – | 697 | 760 | 697 | 760 |
| Open space/Recreational | | 30/06/21 | 30/06/21 | – | – | 14,508 | 11,890 | 14,508 | 11,890 |
| Other Road Assets | | 30/06/21 | 30/06/21 | – | – | 10,587 | 8,903 | 10,587 | 8,903 |
| Total infrastructure, property, plant and equipment | | | | 145,261 | 123,034 | 396,626 | 372,307 | 541,887 | 495,341 |

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:

Investment property

Council obtains independent valuations of its investment property on an annual basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The investment property valuation is included in level 2 of the hierarchy. The key unobservable input to the valuation is the price per square metre.

The fair value of the investment property is determined by an independent, qualified valuer on an annual basis who has experience in the location of the property. The Council reviews the valuation report and discusses significant movements with the valuer. As at 30 June 2022 the valuation of the investment property was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144.

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last comprehensive valuation was undertaken at 30 June 2018 and was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. As at 30 June 2020 Scott Fullarton undertook a sample assessment of Council's buildings and a no material differences in value were noted. A full revaluation will be undertaken during the 2022/23 financial year.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal.

However, during 2021/22 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Buildings Non-Specialised

Buildings were valued by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 in June 2018 using the cost approach. As at 30 June 2020 Scott Fullarton undertook a sample assessment of Council's buildings and a no material differences in value were noted. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected 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. Non-Specialised buildings were classified as having been valued using Level 2 valuation inputs. A full revaluation will be undertaken during the 2022/23 financial year.

However, during 2021/22 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment – Trucks, tractors, ride-on mowers, street sweepers, earthmoving equipment, mini vans and motor vehicles
- Office Equipment – Computer equipment, flat screen monitors, whiteboards, refrigerators etc
- Furniture & Fittings – Chairs, desks and display systems

The key unobservable inputs to the valuation are the remaining useful life and the residual value.

E2-1 Fair value measurement (continued)

Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3.

Land Improvements – Depreciable and non-depreciable

This asset class comprises land improvements such as gardens, mulched areas, wetlands, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves. These assets were valued by Assetic Pty Ltd during 2021-22 using the cost approach method utilising inputs such as estimated asset condition and useful life requiring extensive professional judgement.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs.

Buildings - Specialised

Buildings were valued by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 in June 2018 using the cost approach. As at 30 June 2020 Scott Fullarton undertook a sample assessment of Council's buildings and a no material differences in value were noted. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected 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. Specialised buildings were classified as having been valued using Level 3 valuation inputs. As at 30 June 2020 Scott Fullarton undertook a sample assessment of Council's buildings and a no material differences in value were noted. A full revaluation will be undertaken during the 2022/23 financial year.

However, during 2021/22 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Other Structures

This asset class comprises retaining walls, shade structures and filtration system and shed. These assets were valued by Assetic Pty Ltd during 2022 using the cost approach method utilising inputs such as estimated asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs.

Roads

This asset class comprises the Road Carriageway and Suburb Markers. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based on calculations carried out by JRA, Jeff Roorda Associates during 2020, utilising the detailed pavement information residing in Council's Asset Management System - "Assetic System".

The cost approach was utilised with inputs such as estimates pattern of consumption, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets.

E2-1 Fair value measurement (continued)

During 2021/22 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Footpaths and Kerb & Gutter

Footpaths were valued by JRA, Jeff Roorda Associates during 2020 using the cost approach. Footpaths and Kerb & Gutter were segmented to match the adjacent road segment where possible and no further componentisation was undertaken. Footpaths and Kerb & Gutter were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections.

During 2021/22 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Other Road assets

This asset class comprises Roundabouts, Speed humps, Traffic calming devices, Street Furniture, Bus Shelters and Fencing.

During 2021/22 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Drainage Infrastructure

These assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. The Drainage system was valued by JRA, Jeff Roorda Associates during 2020 using the cost approach.

During 2021/22 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

E2-1 Fair value measurement (continued)

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Swimming Pools

Assets within this class comprise Council's Enfield Aquatic Centre. The indoor and outdoor pools at the aquatic centre was valued by Scott Fullarton Valuations Pty Ltd in June 2018 using the cost approach. As at 30 June 2020 Scott Fullarton undertook a sample assessment of Council's buildings and a no material differences in value were noted. The approach estimated the replacement cost for each pool by componentising its significant parts.

Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Other Open Space/Recreational Assets

Assets within this class comprise tennis courts and fencing, synthetic turf surfaces, barbeques, playground equipment, shade structures and soft fall, park furniture, park lighting, fitness equipment, bocce courts, gazebos and signage which were valued by Assetic Pty Ltd during 2021 using the cost approach method.

Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value.

During 2021/22 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Other Assets

This asset class comprises all other assets which do not fall into the above asset classes ie, Planter Boxes, Hanging Baskets.

However, during 2021/22 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

Non-current assets classified as 'held for sale'

Council does not have assets classified as "held for sale".

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Valuation process has been incorporated within 3 above.

continued on next page ...

E2-1 Fair value measurement (continued)

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

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

| | Valuation technique/s | Unobservable inputs |
|--|--|--|
| Investment properties | | |
| Commercial Office and Retail | Qualified Valuer | <ul style="list-style-type: none"> • Estimated rental value (rate per square metre) • Rental Yield |
| Infrastructure, property, plant and equipment | | |
| Operational Land | Qualified Valuer | <ul style="list-style-type: none"> • Price per square metre |
| Buildings – Non Specialised | Independent valuation - Indexation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value |
| Plant & Equipment, Office Equipment and Furniture & Fittings | Cost approach | <ul style="list-style-type: none"> • Gross Replacement Cost • Remaining useful life • Residual value |
| Community Land | Land values obtained from the NSW Valuer General | <ul style="list-style-type: none"> • Unimproved Capital Value (price per square metre) |
| Land Improvements – non-depreciable and depreciable | Independent valuation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value |
| Buildings - Specialised | Independent valuation - Indexation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value |
| Other Structures | Independent valuation - Indexation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life |
| Roads | Independent valuation - Indexation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life |
| Footpaths | Independent valuation - Indexation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life |
| Other Road Assets | Independent valuation - Indexation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life |
| Drainage Infrastructure | Independent valuation - Indexation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life |
| Swimming Pools | Independent valuation - Indexation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life |
| Library Books | Cost approach | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life |
| Other - Open Space / Recreational | Independent valuation - Indexation | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life |
| Other Assets | Cost approach | <ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value |

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 | Investment property | | Plant and Equipment | | Operational Land | | Community Land | |
|---|---------------------|-------|---------------------|---------|------------------|---------|----------------|--------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Opening balance | 4,700 | 4,340 | 19,745 | 19,590 | 121,430 | 121,430 | 39,821 | 35,915 |
| Total gains or losses for the period | | | | | | | | |
| Other movements | | | | | | | | |
| Purchases (GBV) | – | – | 1,490 | 2,565 | 811 | – | – | 429 |
| Disposals (WDV) | – | – | (132) | (116) | – | – | – | – |
| Depreciation and impairment | – | – | (2,260) | (2,294) | – | – | – | – |
| Fair value adjustment | 275 | 360 | – | – | 21,372 | – | 3,960 | 3,477 |
| Closing balance | 4,975 | 4,700 | 18,843 | 19,745 | 143,613 | 121,430 | 43,781 | 39,821 |

| \$ '000 | Land Improvement – depreciable and non-depreciable | | Buildings | | Other structures | | Other road assets | |
|---|--|------------------|----------------|---------|------------------|-------|-------------------|-------|
| | 2022 | 2021 Restated | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Opening balance | 4,820 | 4,371 | 99,010 | 94,845 | 3,461 | 3,145 | 8,903 | 8,041 |
| Total gains or losses for the period | | | | | | | | |
| Other movements | | | | | | | | |
| Purchases (GBV) | 141 | 527 | 711 | 5,535 | 18 | 434 | 1,545 | 1,113 |
| Disposals (WDV) | (71) | (6) | – | (103) | (31) | – | (2) | (75) |
| Depreciation and impairment | (75) | (72) | (2,363) | (2,078) | (120) | (118) | (330) | (251) |
| Fair value adjustment | (780) | – | 9,687 | 811 | (324) | – | 471 | 75 |
| Closing balance | 4,035 | 4,820 | 107,045 | 99,010 | 3,004 | 3,461 | 10,587 | 8,903 |

E2-1 Fair value measurement (continued)

| \$ '000 | Open Space / Recreational | | Roads | | Footpaths | | Drainage | |
|---|------------------------------|--------|----------------|---------|---------------|--------|---------------|--------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Opening balance | 11,890 | 8,502 | 112,389 | 113,971 | 35,704 | 33,888 | 31,983 | 31,993 |
| Total gains or losses for the period | | | | | | | | |
| Other movements | | | | | | | | |
| Purchases (GBV) | 3,025 | 454 | 2,699 | 1,737 | 2,163 | 3,391 | 1,633 | 731 |
| Disposals (WDV) | (205) | – | (314) | (892) | (481) | (647) | (90) | (29) |
| Depreciation and impairment | (481) | (417) | (2,440) | (2,427) | (950) | (928) | (723) | (712) |
| Fair value adjustment | 279 | 3,351 | 5,219 | – | 1,694 | – | 1,525 | – |
| Closing balance | 14,508 | 11,890 | 117,553 | 112,389 | 38,130 | 35,704 | 34,328 | 31,983 |

| \$ '000 | Swimming pool | | Library books | | Other Assets | | Total | |
|-----------------------------|---------------|-------|---------------|-------|--------------|------|-----------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 Restated |
| Opening balance | 5,040 | 3,081 | 385 | 379 | 760 | 744 | 500,041 | 484,235 |
| Purchases (GBV) | 129 | 2,087 | 132 | 142 | 41 | 109 | 14,538 | 19,254 |
| Disposals (WDV) | (111) | – | – | – | – | – | (1,437) | (1,868) |
| Depreciation and impairment | (162) | (128) | (137) | (136) | (104) | (93) | (10,145) | (9,654) |
| Fair value adjustment | 487 | – | – | – | – | – | 43,865 | 8,074 |
| Closing balance | 5,383 | 5,040 | 380 | 385 | 697 | 760 | 546,862 | 500,041 |

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

There are no transfers identified in the above table.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit plans

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

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

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

Description of the funding arrangements.

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard 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 increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40 million per annum from 1 July 2019 to 31 December 2021 and \$20 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. The past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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 \$249,414.39. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2021.

E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$169,341.12.

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.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$97,043.52 as at 30 June 2022.

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

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

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

* Plus promotional increases

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

E3-1 Contingencies (continued)

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

(iii) Joint Venture

Council is a member of CivicRisk Mutual Ltd, a mutual self-insurance scheme providing general insurance to local government. CivicRisk Mutual Ltd membership includes the potential to share in either the net surplus or deficit of protection years depending on its past performance. Council's share of the net surplus or deficit reflects Council's contributions to the pool and the result of insurance claims within each of the fund years. The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

| \$ '000 | 2022 | 2021 |
|--------------------------|--------------|--------------|
| Compensation: | | |
| Short-term benefits | 1,435 | 1,369 |
| Post-employment benefits | 112 | 107 |
| Other long-term benefits | 71 | 101 |
| Total | 1,618 | 1,577 |

Other transactions with KMP and their related parties

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

There have been no transactions identified through the related party disclosure process indicating to be any significant disclosures from Key Management Persons during the year ended 30 June 2022.

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 | 45 | 44 |
| Councillors' fees | 138 | 142 |
| Other Councillors' expenses (including Mayor) | 31 | 130 |
| Total | 214 | 316 |

F1-3 Other related parties

There were no other related party transactions identified through the related party disclosure process during the year ended 30 June 2022.

F2 Other relationships

F2-1 Audit fees

| \$ '000 | 2022 | 2021 |
|--|------------|------------|
| During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms | | |
| Auditors of the Council - NSW Auditor-General: | | |
| (i) Audit and other assurance services | | |
| Audit and review of financial statements | 90 | 87 |
| Remuneration for audit and other assurance services | 90 | 87 |
| Total Auditor-General remuneration | 90 | 87 |
| Non NSW Auditor-General audit firms | | |
| (ii) Non-assurance services | | |
| Other audit and assurance services | 65 | 35 |
| Remuneration for non-assurance services | 65 | 35 |
| Total remuneration of non NSW Auditor-General audit firms | 65 | 35 |
| Total audit fees | 155 | 122 |

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

| \$ '000 | 2022 | 2021 Restated |
|--|---------------|------------------|
| Net operating result from Income Statement | (226) | 2,475 |
| Add / (less) non-cash items: | | |
| Depreciation and amortisation | 10,535 | 10,018 |
| (Gain) / loss on disposal of assets | 1,081 | 1,686 |
| Losses/(gains) recognised on fair value re-measurements through the P&L: | | |
| – Investments classified as 'at fair value' or 'held for trading' | (45) | (86) |
| – Investment property | (275) | (360) |
| Movements in operating assets and liabilities and other cash items: | | |
| (Increase) / decrease of receivables | (1,715) | (695) |
| Increase / (decrease) in provision for impairment of receivables | 91 | (19) |
| (Increase) / decrease of other current assets | (269) | (76) |
| (Increase) / decrease of contract asset | 437 | (73) |
| Increase / (decrease) in payables | 344 | (583) |
| Increase / (decrease) in accrued interest payable | (1) | – |
| Increase / (decrease) in other accrued expenses payable | 195 | (1,415) |
| Increase / (decrease) in other liabilities | 96 | 458 |
| Increase / (decrease) in contract liabilities | 4,872 | (1,256) |
| Increase / (decrease) in employee benefit provision | (1,594) | 246 |
| Net cash flows from operating activities | 13,526 | 10,320 |

G2-1 Commitments

Capital commitments (exclusive of GST)

| \$ '000 | 2022 | 2021 |
|---------|------|------|
|---------|------|------|

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

Property, plant and equipment

| | | |
|--------------------------|--------------|--------------|
| Buildings | – | 779 |
| Plant and equipment | 603 | 393 |
| Other – Structures | 793 | – |
| Other – Infrastructure | 1,254 | – |
| Other | 235 | – |
| Road infrastructure | 211 | – |
| Total commitments | 3,096 | 1,172 |

These expenditures are payable as follows:

| | | |
|----------------------|--------------|--------------|
| Within the next year | 3,096 | 1,172 |
| Total payable | 3,096 | 1,172 |

Sources for funding of capital commitments:

| | | |
|------------------------------------|--------------|--------------|
| Future grants and contributions | 2,047 | – |
| Section 7.11 and 64 funds/reserves | 122 | 599 |
| Internally restricted reserves | 927 | 573 |
| Total sources of funding | 3,096 | 1,172 |

Details of capital commitments

Other Structures - New All Abilities Playground
 Other Infrastructure - Upgrade of Enfield Village Revitalisation and Project works on WestInvest Grant Projects
 Other - Henley Park Gateway Signage and Wangal Park GAs Mitigation works
 Road Infrastructure - Resheeting of Ethel Street

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

A comprehensive external revaluation of asset class land improvements - depreciable was completed during the 2021-22 financial year.

The revaluation identified several land improvements - depreciable assets that could not be reliably revalued as the information within the asset system related to historical assets that could not be quantified, were no longer in existence or were assets with multiple types which could have now been included in the appropriate asset class during other revaluations.

Council retrospectively corrected the prior period error by decreasing the "Infrastructure, property, plant and equipment" (IPPE) and "Accumulated surplus" by \$8.2 million as of 1 July 2020 and by \$8 million as of 30 June 2021. Net result for the year ended 30 June 2021 was also adjusted by \$0.2 million for the depreciation charge. The corrected balance of land improvements - depreciable assets as at 30 June 2021 was \$4.612 million and at 1 July 2020 was \$4.371 million.

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

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

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

Statement of Financial Position

| \$ '000 | Original Balance 1 July, 2020 | Impact Increase/ (decrease) | Restated Balance 1 July, 2020 |
|--|-------------------------------------|-----------------------------------|-------------------------------------|
| Infrastructure, property, plant and equipment (IPPE) | 12,580 | (8,209) | 4,371 |
| Total assets | 557,719 | (8,209) | 549,510 |
| Net assets | 528,303 | (8,209) | 520,094 |
| Accumulated surplus | 250,563 | (8,209) | 242,354 |
| Total equity | 528,303 | (8,209) | 520,094 |

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

Statement of Financial Position

| \$ '000 | Original Balance 30 June, 2021 | Impact Increase/ (decrease) | Restated Balance 30 June, 2021 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|
| Infrastructure, property, plant and equipment (IPPE) | 12,605 | (7,993) | 4,612 |
| Total assets | 565,149 | (7,993) | 557,156 |
| Net assets | 538,276 | (7,993) | 530,283 |
| Accumulated Surplus | 252,822 | (7,993) | 244,829 |
| Total equity | 538,276 | (7,993) | 530,283 |

G4-1 Correction of errors (continued)

Income Statement

| \$ '000 | Original Balance 30 June, 2021 | Impact Increase/ (decrease) | Restated Balance 30 June, 2021 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|
| Depreciation and amortisation of intangible assets and IPP&E | 10,234 | (216) | 10,018 |
| Total expenses from continuing operations | 56,328 | (216) | 56,112 |
| Net operating result for the year | 2,259 | 216 | 2,475 |

Statement of Comprehensive Income

| \$ '000 | Original Balance 30 June, 2021 | Impact Increase/ (decrease) | Restated Balance 30 June, 2021 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|
| Net operating result for the year | 2,259 | 216 | 2,475 |
| Total comprehensive income for the year | 9,973 | 216 | 10,189 |

G5 Statement of developer contributions as at 30 June 2022

G5-1 Summary of developer contributions

| \$ '000 | Opening balance at 1 July 2021 | Contributions received during the year | | Interest and investment income earned | Amounts expended | Internal borrowings | Held as restricted asset at 30 June 2022 | Cumulative balance of internal borrowings (to)/from |
|--|--------------------------------|--|----------|---------------------------------------|------------------|---------------------|--|---|
| | | Cash | Non-cash | | | | | |
| Traffic facilities | 132 | – | – | – | (132) | – | – | – |
| Parking | 72 | – | – | – | (72) | – | – | – |
| Burwood town centre | 2,993 | 52 | – | 3 | (1,200) | – | 1,848 | – |
| Burwood LGA | 455 | 275 | – | 1 | (358) | – | 373 | – |
| S7.11 contributions – under a plan | 3,652 | 327 | – | 4 | (1,762) | – | 2,221 | – |
| Total S7.11 and S7.12 revenue under plans | 3,652 | 327 | – | 4 | (1,762) | – | 2,221 | – |
| S7.4 planning agreements | 7,527 | 169 | – | 8 | (1,209) | – | 6,495 | – |
| Total contributions | 11,179 | 496 | – | 12 | (2,971) | – | 8,716 | – |

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

G5-2 Developer contributions by plan

| \$ '000 | Opening balance at 1 July 2021 | Contributions received during the year | | Interest and investment income earned | Amounts expended | Internal borrowings | Held as restricted asset at 30 June 2022 | Cumulative balance of internal borrowings (to)/from |
|---|--------------------------------|--|----------|---------------------------------------|------------------|---------------------|--|---|
| | | Cash | Non-cash | | | | | |
| CONTRIBUTION PLAN NUMBER - 94A New LEP | | | | | | | | |
| Traffic facilities | 132 | – | – | – | (132) | – | – | – |
| Parking | 72 | – | – | – | (72) | – | – | – |
| Burwood town centre | 2,993 | 52 | – | 3 | (1,200) | – | 1,848 | – |
| Burwood LGA | 455 | 275 | – | 1 | (358) | – | 373 | – |
| Total | 3,652 | 327 | – | 4 | (1,762) | – | 2,221 | – |

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

| | Amounts | Indicator | Indicators | | | Benchmark |
|--|----------------|--------------------|------------------|-------------|--------------|---------------|
| | \$ '000 | 2022 | Restated 2021 | 2020 | 2019 | |
| 1. Operating performance ratio | | | | | | |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2} | (3,727) | (7.22)% | (7.97)% | (9.41)% | 3.38% | > 0.00% |
| Total continuing operating revenue excluding capital grants and contributions ¹ | 51,642 | | | | | |
| 2. Own source operating revenue ratio | | | | | | |
| Total continuing operating revenue excluding all grants and contributions ¹ | 47,663 | 85.12% | 81.89% | 54.93% | 77.79% | > 60.00% |
| Total continuing operating revenue | 55,994 | | | | | |
| 3. Unrestricted current ratio | | | | | | |
| Current assets less all external restrictions | 36,037 | 2.29x | 3.18x | 2.96x | 4.67x | > 1.50x |
| Current liabilities less specific purpose liabilities | 15,713 | | | | | |
| 4. Debt service cover ratio | | | | | | |
| Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ | 7,122 | 5.89x | 4.99x | 2.95x | 10.16x | > 2.00x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | 1,209 | | | | | |
| 5. Rates and annual charges outstanding percentage | | | | | | |
| Rates and annual charges outstanding | 2,012 | 5.64% | 4.53% | 4.16% | 2.90% | < 5.00% |
| Rates and annual charges collectable | 35,663 | | | | | |
| 6. Cash expense cover ratio | | | | | | |
| Current year's cash and cash equivalents plus all term deposits | 26,198 | 6.09 months | 6.58 months | 8.34 months | 10.47 months | > 3.00 months |
| Monthly payments from cash flow of operating and financing activities | 4,300 | | | | | |

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

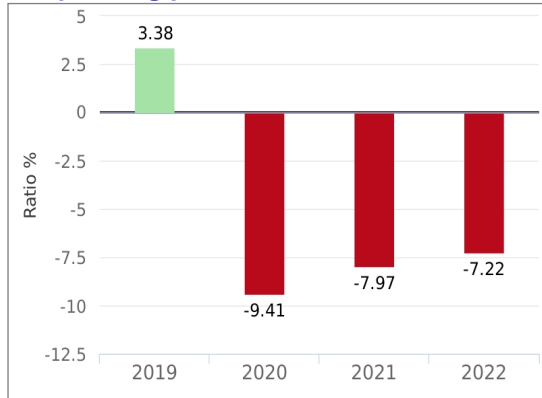
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio (7.22)%

Council's revenue streams during the year were impacted by Covid 19 through the closure of the Enfield Aquatic Centre, loss in Parking revenue and providing businesses with reduced fees and charges. In addition extra cost associated with providing support to the Community via "Business Cares" initiatives.

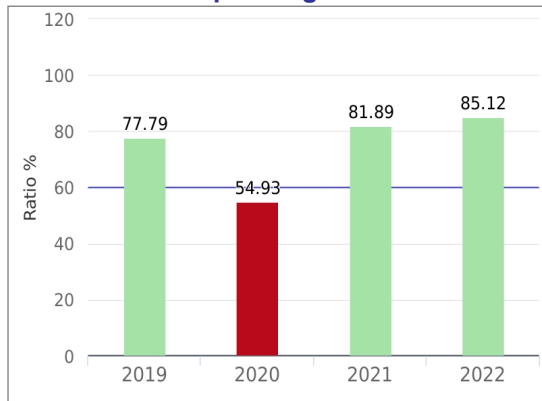
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2021/22 result

2021/22 ratio 85.12%

The ratio is above the 60% benchmark. This can be attributed to the increase in rating base and the third year of the Special Rate Variation.

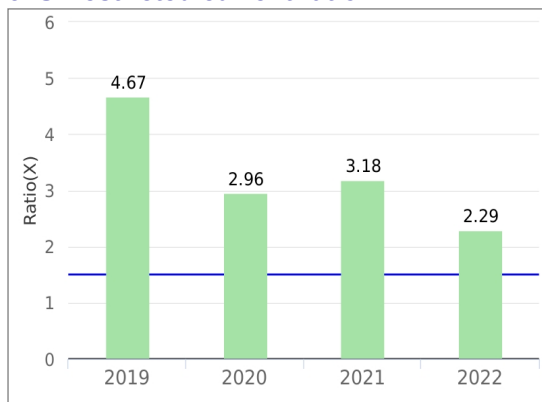
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 2.29x

Council's liquidity remains strong and well above the 1.5% benchmark.

Benchmark: — > 1.50x

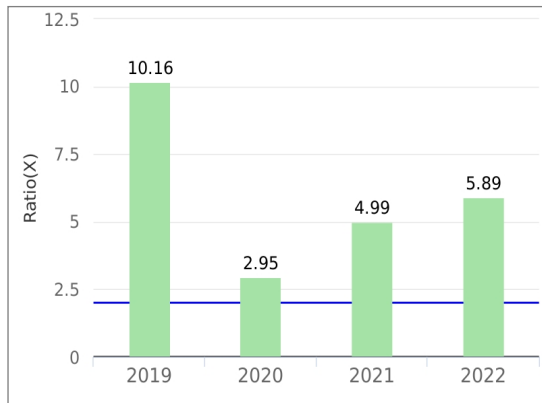
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

| Commentary on 2021/22 result | |
|------------------------------|-------|
| 2021/22 ratio | 5.89x |
| Council's Debt Service Ratio | |

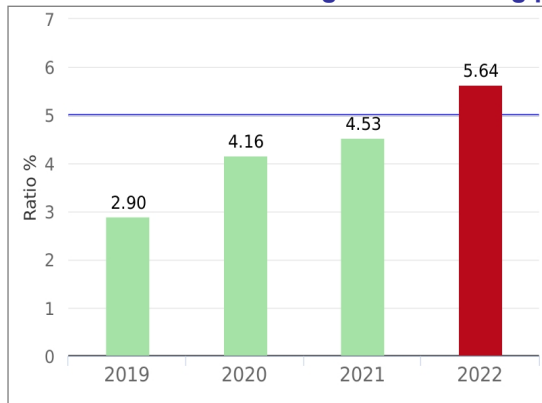
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

| Commentary on 2021/22 result | |
|--|-------|
| 2021/22 ratio | 5.64% |
| Council has in past years actively pursued the recovery of Rates and Extra Charges, however over the past few years due to Covid 19 Council has wound back rates recovery action. During 2022-23 financial year Council will again recommence debt recovery action and aim to once again fall below the benchmark. | |

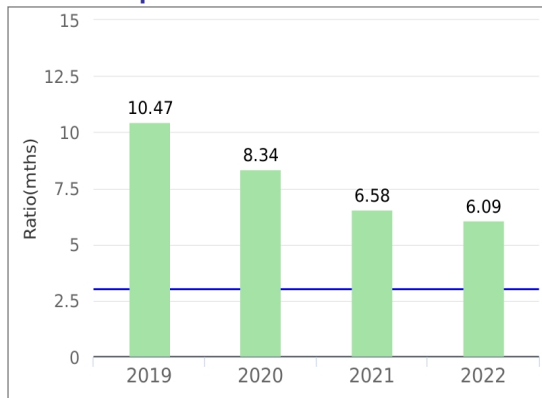
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

| Commentary on 2021/22 result | |
|--|-------------|
| 2021/22 ratio | 6.09 months |
| The ratio remains well in excess of the three month benchmark. | |

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Financial review

Key financial figures of Council over the past 5 years

| \$ '000 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------|---------|---------|---------|---------|
| Inflows: | | | | | |
| Rates and annual charges revenue | 34,039 | 32,400 | 30,448 | 28,600 | 26,933 |
| User charges revenue | 6,806 | 8,245 | 8,453 | 11,151 | 11,622 |
| Interest and investment revenue (losses) | 506 | 549 | 1,398 | 1,828 | 1,392 |
| Grants income – operating and capital | 7,910 | 7,345 | 6,863 | 6,949 | 4,652 |
| Total income from continuing operations | 56,314 | 58,587 | 85,182 | 60,681 | 63,075 |
| Sale proceeds from IPPE | 411 | 200 | 401 | 2,293 | 442 |
| New loan borrowings and advances | 1,000 | – | – | 1,000 | 1,000 |
| Outflows: | | | | | |
| Employee benefits and on-cost expenses | 19,816 | 20,376 | 20,403 | 19,649 | 17,885 |
| Borrowing costs | 314 | 344 | 378 | 345 | 325 |
| Materials and contracts expenses | 23,773 | 22,271 | 24,883 | 12,943 | 11,796 |
| Total expenses from continuing operations | 56,540 | 56,112 | 56,245 | 49,312 | 46,593 |
| Total cash purchases of IPPE | 16,307 | 19,627 | 24,180 | 13,550 | 12,994 |
| Total loan repayments (incl. finance leases) | 901 | 928 | 891 | 596 | 466 |
| Operating surplus/(deficit) (excl. capital income) | (4,578) | (5,293) | (6,043) | 1,367 | 2,318 |
| Financial position figures | | | | | |
| Current assets | 36,447 | 53,344 | 62,711 | 67,176 | 51,911 |
| Current liabilities | 22,646 | 20,990 | 22,643 | 17,791 | 17,059 |
| Net current assets | 13,801 | 32,354 | 40,068 | 49,385 | 34,852 |
| Available working capital (Unrestricted net current assets) | (3,289) | (89) | (1,915) | 1,012 | 1,109 |
| Cash and investments – unrestricted | 1,126 | 2,004 | 3,173 | 5,908 | 5,813 |
| Cash and investments – internal restrictions | 31,732 | 31,821 | 34,479 | 33,588 | 28,701 |
| Cash and investments – total | 45,594 | 47,902 | 58,031 | 65,191 | 57,187 |
| Total borrowings outstanding (loans, advances and finance leases) | 5,803 | 5,486 | 6,208 | 6,898 | 6,494 |
| Total value of IPPE (excl. land and earthworks) | 611,665 | 574,509 | 568,573 | 466,495 | 460,630 |
| Total accumulated depreciation | 255,798 | 238,414 | 236,891 | 163,794 | 161,602 |
| Indicative remaining useful life (as a % of GBV) | 58% | 59% | 58% | 65% | 65% |

Source: published audited financial statements of Council (current year and prior year)

H1-3 Council information and contact details

Principal place of business:

2 Conder Street
Burwood NSW 2134

Mailing address:

PO Box 240
Burwood NSW 1805

Telephone: 02 9911 9911

Facsimile: 02 9911 9900

Opening hours:

8:30am to 4:30pm
Monday to Friday

Internet: www.burwood.nsw.gov.au

Email: council@burwood.nsw.gov.au

Officers

Fab Zincone

Acting General Manager

Wayne Armitage

Responsible Accounting Officer

Tanya Whitmarsh

Public Officer

Auditors

Audit Office of New South Wales
Level 19, Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Elected members

Mayor

John Faker

Deputy Mayor

George Mannah

Councillors

Heather Crichton
Pascale Esber
Hugo Robinson
David Hull
Ned Cutcher

Other information

ABN: 84 362 114 428



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Burwood Council

To the Councillors of Burwood Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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.

A handwritten signature in blue ink, appearing to be 'W. Liao', with a vertical line extending downwards from the end of the signature.

Weini Liao
Delegate of the Auditor-General for New South Wales

31 October 2022
SYDNEY



Mr John Faker
Mayor
Burwood Council
PO Box 240
BURWOOD NSW 1805

Contact: Weini Liao
Phone no: (02) 9275 7432
Our ref: D2221507/1702

31 October 2022

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2022 Burwood Council

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

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

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

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.

Correction of prior period errors relating to write-off of land improvements

The Council has disclosed a correction of prior period errors in Note G4-1 'Correction of errors' relating to write-off of land improvements in previous reporting periods.

In 2021-22, Council undertook a comprehensive external revaluation of asset class 'land improvements - depreciable'. As part of the review of the valuation, I noted that certain landscaping assets in this asset class could not be reliably measured by the valuer as the assets information within the asset system could not be quantified or the assets were no longer in existence. Hence, the valuer determined nil value for these assets.

Council retrospectively corrected the prior period error by decreasing the 'Infrastructure, property, plant and equipment' (IPPE) and 'Accumulated surplus' by \$8.2 million as of 1 July 2020 and by \$8 million as of 30 June 2021. Net result for the year ended 30 June 2021 was also adjusted by \$0.2 million for the depreciation charge. Council has presented three-column Statement of Financial Position to restate the comparative numbers.

INCOME STATEMENT

Operating result

| | 2022 | 2021* | Variance |
|--|-------|-------|----------|
| | \$m | \$m | % |
| Rates and annual charges revenue | 34.0 | 32.4 | ↑ 4.9 |
| Grants and contributions revenue | 8.3 | 10.5 | ↓ 21 |
| Operating result from continuing operations | (0.2) | 2.5 | ↓ (108) |
| Net operating result before capital grants and contributions | (4.6) | (5.3) | ↑ 13.2 |

* The 2021 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.

Rates and annual charges revenue (\$34.0 million) increased by \$1.6 million (4.9 per cent) in 2021–22 due to the Council's approved Special Rate Variation, which increased general rates revenue by \$1.4 million (5.4 per cent) in 2021–22. Annual charges also increased by approximately \$0.3 million as a result of an increase in domestic waste management services.

Grants and contributions revenue (\$8.3 million) decreased by \$2.1 million (21 per cent) in 2021–22 due to:

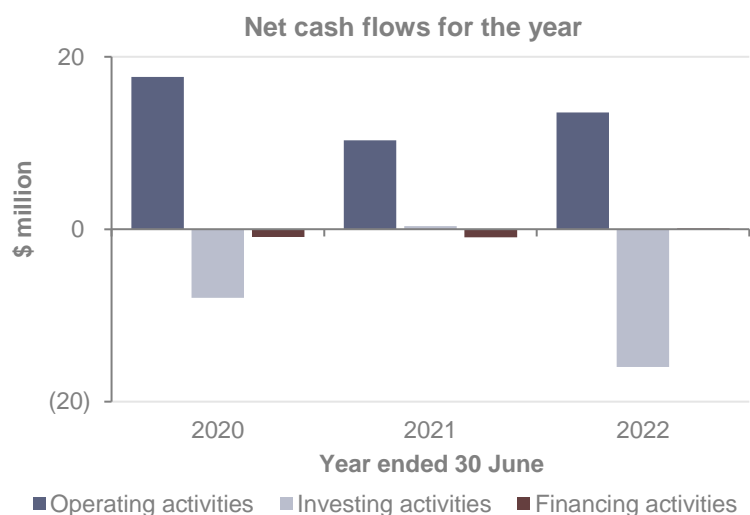
- a decrease of \$2.7 million in developer contributions
- an increase of \$0.9 million in operating special purpose grants and decrease of \$0.7 million in capital special purpose grants
- an increase of \$0.3 million of financial assistance grants.

The Council's operating result from continuing operations (loss of \$0.2 million including depreciation and amortisation expense of \$10.5 million) was \$2.7 million lower than the 2020–21 result. The main reason for the variation was lower grants and contributions of \$2.1 million and lower user charges and fees of \$1.4 million. This was partially offset by increase in rates and annual charges by \$1.6 million. Total expenses remained largely same as the prior year.

The net operating result before capital grants and contributions (loss of \$4.6 million) was \$0.7 million higher than the 2020–21 result due to higher operating grants of \$0.9 million received in 2021-22.

STATEMENT OF CASH FLOWS

- The Council reported a decrease in cash and cash equivalents from \$20.6 million at 30 June 2021 to \$18.2 million at 30 June 2022.
- Cash inflows from operating activities increased from 2020-21 because of higher rates and annual charges and grants and contributions, largely unchanged cash payments for materials and services cost, partially offset by decrease in user charges and fees.
- Cash outflows used in investing activities were higher by \$16.6 million due to lower sale of investment securities. Purchase of infrastructure, property, plant and equipment was lower by \$3.3 million in the current year.



FINANCIAL POSITION

Cash and investments

| Cash and investments | 2022 | 2021 | Commentary |
|--|-------------|-------------|---|
| | \$m | \$m | |
| Total cash, cash equivalents and investments | 45.6 | 47.9 | <ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. |
| Restricted and allocated cash, cash equivalents and investments: | | | <ul style="list-style-type: none"> Internally located cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The internally restricted funds as at 30 June 2022 were same as the prior year. |
| • External restrictions | 12.8 | 14.1 | |
| • Internal allocations | 31.7 | 31.8 | |
| • Unrestricted cash | 1.1 | 2.0 | <ul style="list-style-type: none"> Unrestricted cash and investments balance was \$1.1 million, which is available to provide liquidity for day-to-day operations of the Council. |

Debt

The Council obtained additional loans of \$1 million and repaid \$0.7 million during the financial year. Total debt as at 30 June 2022 is \$5.8 million (2021: \$5.5 million).

PERFORMANCE

Performance measures

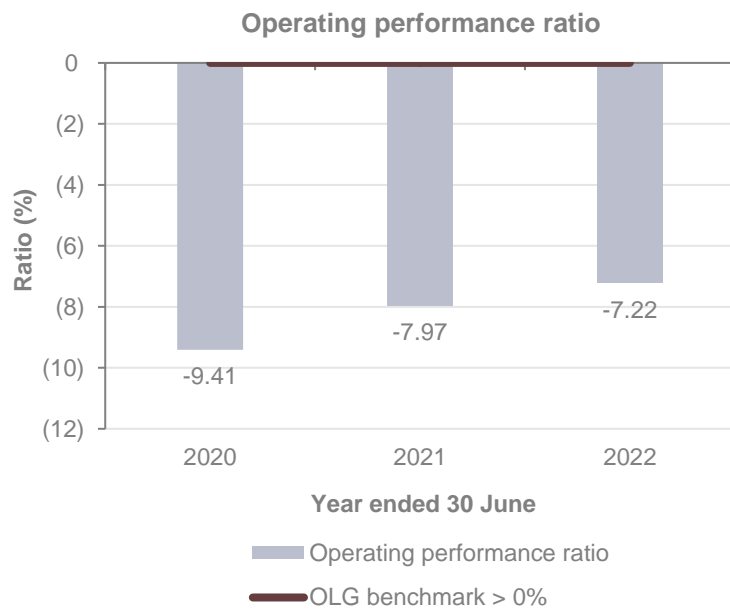
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The Council did not meet the OLG benchmark for the current reporting period. Council's operating performance ratio slightly improved since 2021. The ratio was slightly higher due to improved revenue in Council's own source income streams in financial year 2021-22.

The 2021 ratio was restated to correct a prior period error.

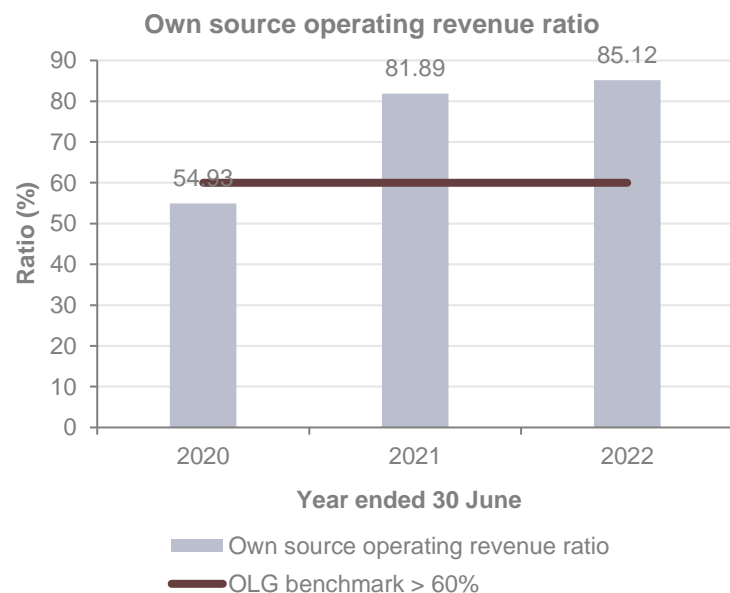
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council exceeded the OLG benchmark for the current reporting period. This was attributable to the increase in rating base and the third year of the Special Rate Variation.

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

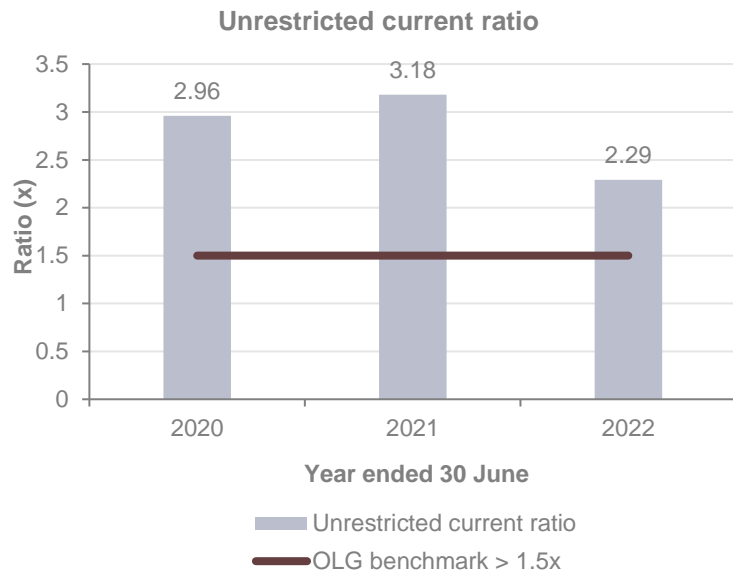


Unrestricted current ratio

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

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

This ratio indicates that Council currently has \$2.29 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

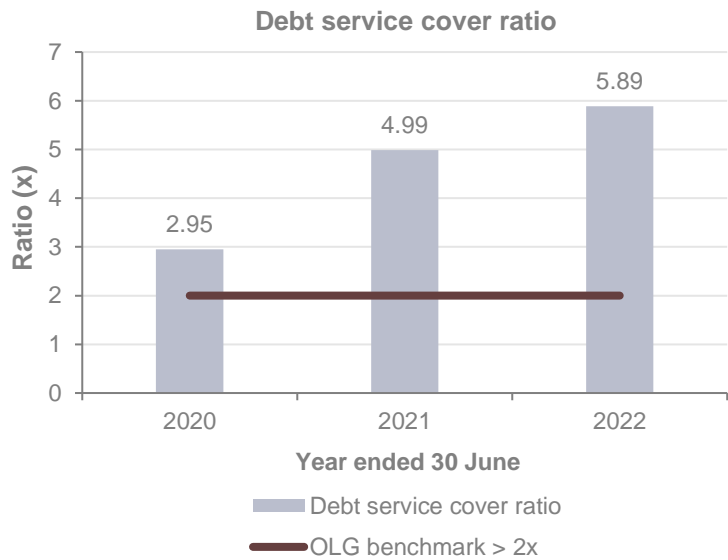


Debt service cover ratio

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

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

Council appears to be effectively monitoring its liquidity levels to ensure it can meet its borrowing costs when they fall due.

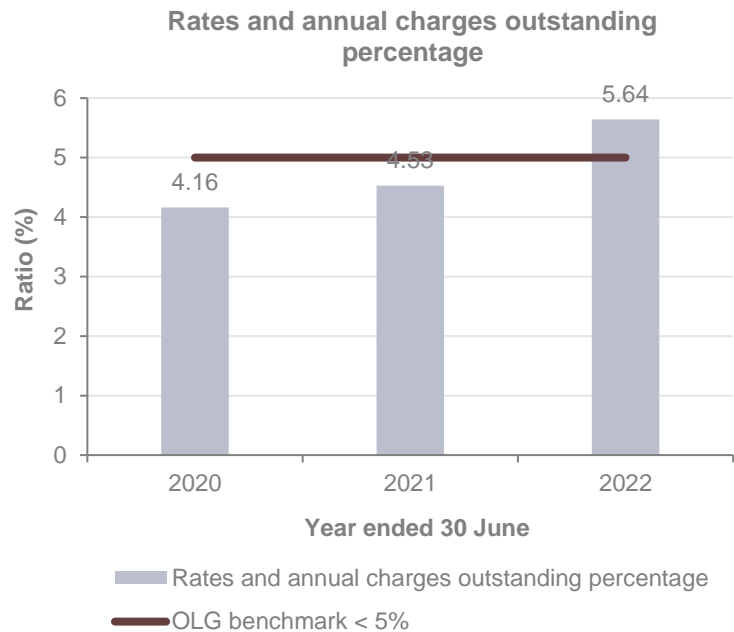


Rates and annual charges outstanding percentage

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

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

In 2021-22, this ratio has been impacted primarily by the economic conditions resulting from the COVID-19 pandemic.

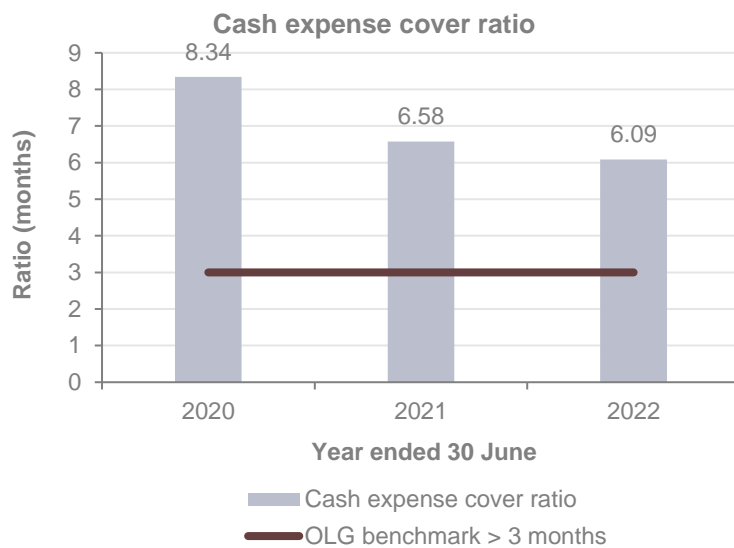


Cash expense cover ratio

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

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

This indicates that Council had the capacity to cover 6.09 months of cash expenditure without additional cash inflows at 30 June 2022.



Infrastructure, property, plant and equipment renewals

- Council spent \$7.3 million on asset renewals in 2021-22 compared to \$8.0 million in 2020-21. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.
- Asset renewals in 2021-22 were carried out in accordance with Council's capital works program and primarily related to buildings, road and footpaths assets.

Legislative compliance

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

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



Weini Liao
Director, Financial Services

Delegate of the Auditor-General for New South Wales

cc: Mr Fab Zincone, Acting General Manager
Mr Daniel Carbone, Chair of the Audit Committee
Mr Michael Cassel, Secretary of the Department of Planning, Industry and Environment

Burwood Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

*A well connected, sustainable and safe community that
embraces and celebrates its culture and diversity.*



Burwood inc. 1874
Burwood Burwood Heights Claydon Claydon Park Collier Street

Burwood Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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Special Purpose Financial Statements:

n/a

Burwood Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

*A well connected, sustainable and safe community that
embraces and celebrates its culture and diversity.*



Burwood inc. 1874
Burwood Burwood Heights Claydon Crispin Park Lifford Strathmore

Burwood Council

Special Schedules

for the year ended 30 June 2022

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Burwood Council

Permissible income for general rates

| \$ '000 | Notes | Calculation 2021/22 | Calculation 2022/23 |
|---|-------------------------|------------------------|------------------------|
| Notional general income calculation ¹ | | | |
| Last year notional general income yield | a | 26,034 | 27,287 |
| Plus or minus adjustments ² | b | 96 | 339 |
| Notional general income | c = a + b | 26,130 | 27,626 |
| Permissible income calculation | | | |
| Special variation percentage ³ | d | 4.50% | 4.50% |
| Plus special variation amount | h = d x (c + g) | 1,176 | 1,243 |
| Sub-total | k = (c + g + h + i + j) | 27,306 | 28,869 |
| Plus (or minus) last year's carry forward total | l | 2 | 21 |
| Sub-total | n = (l + m) | 2 | 21 |
| Total permissible income | o = k + n | 27,308 | 28,890 |
| Less notional general income yield | p | 27,287 | 28,867 |
| Catch-up or (excess) result | q = o - p | 21 | 23 |
| Carry forward to next year ⁶ | t = q + r + s | 21 | 23 |

Notes

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



INDEPENDENT AUDITOR'S REPORT
Special Schedule – Permissible income for general rates
Burwood Council

To the Councillors of Burwood Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Burwood Council (the Council) for the year ending 30 June 2023.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Weini Liao
Delegate of the Auditor-General for New South Wales

31 October 2022
SYDNEY

Burwood Council

Report on infrastructure assets as at 30 June 2022

| Asset Class | Asset Category | Estimated cost | | 2021/22 Required maintenance ^a | 2021/22 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | | |
|---|-----------------------------|--|---|---|----------------------------------|------------------------|------------------------------------|--|--------------|--------------|--------------|--------------|--|
| | | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | | | | | 1 | 2 | 3 | 4 | 5 | |
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | | | | | |
| Buildings | Buildings – non-specialised | 421 | 421 | 95 | 82 | 1,648 | 5,404 | 0.0% | 35.0% | 50.0% | 13.0% | 2.0% | |
| | Buildings – specialised | 623 | 623 | 727 | 2,123 | 105,397 | 125,166 | 61.0% | 35.0% | 4.0% | 0.0% | 0.0% | |
| | Sub-total | 1,044 | 1,044 | 822 | 2,205 | 107,045 | 130,570 | 58.5% | 35.0% | 5.9% | 0.5% | 0.1% | |
| Other structures | Other structures | 1,697 | 1,697 | 261 | 710 | 3,004 | 3,741 | 2.0% | 0.0% | 33.0% | 0.0% | 65.0% | |
| | Sub-total | 1,697 | 1,697 | 261 | 710 | 3,004 | 3,741 | 2.0% | 0.0% | 33.0% | 0.0% | 65.0% | |
| Roads | Roads | 8,129 | 8,129 | 2,911 | 701 | 117,553 | 229,765 | 4.0% | 45.0% | 44.0% | 7.0% | 0.0% | |
| | Other road assets | 6 | 6 | 69 | 218 | 10,587 | 13,472 | 81.0% | 18.0% | 1.0% | 0.0% | 0.0% | |
| | Footpaths | 140 | 140 | 757 | 456 | 38,130 | 79,263 | 8.0% | 48.0% | 44.0% | 0.0% | 0.0% | |
| | Sub-total | 8,275 | 8,275 | 3,737 | 1,375 | 166,270 | 322,500 | 8.2% | 44.6% | 42.2% | 5.0% | 0.0% | |
| Stormwater drainage | Stormwater drainage | 9,334 | 9,334 | 2,747 | 69 | 34,328 | 88,164 | 7.0% | 43.0% | 4.0% | 35.0% | 11.0% | |
| | Sub-total | 9,334 | 9,334 | 2,747 | 69 | 34,328 | 88,164 | 7.0% | 43.0% | 4.0% | 35.0% | 11.0% | |
| Open space / recreational assets | Swimming pools | – | – | 127 | 603 | 14,508 | 8,908 | 2.0% | 5.0% | 93.0% | 0.0% | 0.0% | |
| | Open space / Recreational | 66 | 66 | 94 | 2,540 | 5,383 | 16,479 | 62.0% | 34.0% | 3.0% | 1.0% | 0.0% | |
| | Sub-total | 66 | 66 | 221 | 3,143 | 19,891 | 25,387 | 40.9% | 23.8% | 34.6% | 0.6% | 0.0% | |
| Total – all assets | | 20,416 | 20,416 | 7,788 | 7,502 | 330,538 | 570,362 | 20.9% | 40.9% | 27.6% | 8.4% | 2.1% | |

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

| # | Condition | Integrated planning and reporting (IP&R) description |
|---|---------------------|--|
| 1 | Excellent/very good | No work required (normal maintenance) |
| 2 | Good | Only minor maintenance work required |
| 3 | Satisfactory | Maintenance work required |
| 4 | Poor | Renewal required |
| 5 | Very poor | Urgent renewal/upgrading required |

Burwood Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

| | Amounts | Indicator | Indicators | | | Benchmark |
|--|----------------|---------------|------------------|---------|---------|------------|
| | 2022 | 2022 | Restated 2021 | 2020 | 2019 | |
| \$ '000 | 2022 | 2022 | | | | |
| Buildings and infrastructure renewals ratio | | | | | | |
| Asset renewals ¹ | 6,140 | | | | | |
| Depreciation, amortisation and impairment | 7,569 | 81.12% | 102.15% | 122.55% | 152.73% | >= 100.00% |
| Infrastructure backlog ratio | | | | | | |
| Estimated cost to bring assets to a satisfactory standard | 20,416 | | | | | |
| Net carrying amount of infrastructure assets | 332,120 | 6.15% | 9.43% | 9.63% | 6.97% | < 2.00% |
| Asset maintenance ratio | | | | | | |
| Actual asset maintenance | 7,502 | | | | | |
| Required asset maintenance | 7,788 | 96.33% | 104.56% | 139.53% | 119.68% | > 100.00% |
| Cost to bring assets to agreed service level | | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | 20,416 | 3.58% | 5.50% | 5.59% | 4.57% | |
| Gross replacement cost | 570,362 | | | | | |

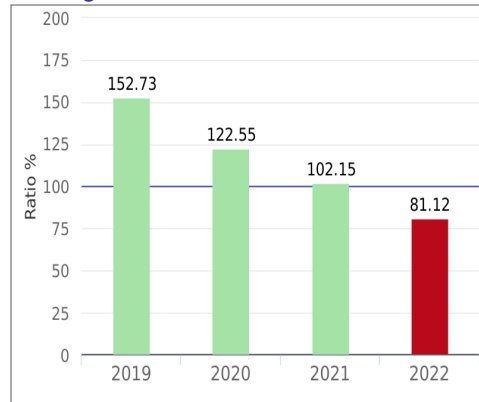
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Burwood Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

| Commentary on result | |
|--|--------|
| 21/22 ratio | 81.12% |
| Council during the year embarked on an extensive asset management programme, however more new assets were delivered than renewals. | |

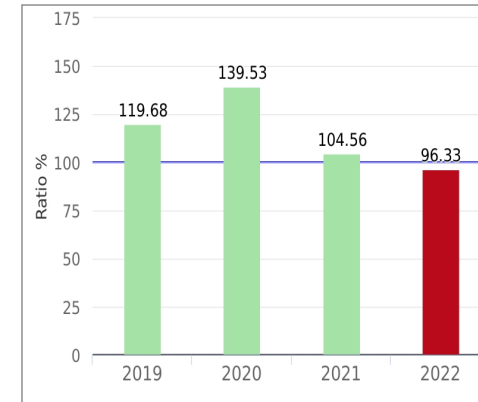
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

| Commentary on result | |
|---|--------|
| 21/22 ratio | 96.33% |
| Council continues to deliver its strategic asset management programme however during the year due to inclement weather Council was unable to deliver its programme in full. | |

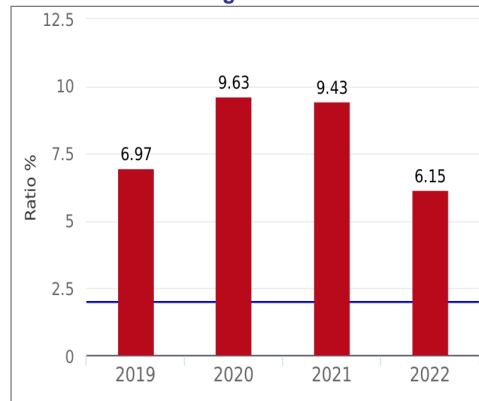
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

| Commentary on result | |
|---|-------|
| 21/22 ratio | 6.15% |
| Council has again reduced its backlog with the introduction of its Asset Management platform, providing an improved reporting tool in conjunction with Council's strategic asset renewal programme. | |

Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

| Commentary on result | |
|---|-------|
| 21/22 ratio | 3.58% |
| Council continues with its strategic asset management programme effectively managing its assets | |