

# Balranald Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

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# Balranald Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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# Balranald Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2022

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### Overview

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

70 Market Street  
Balranald NSW 2715

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

# Balranald Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2022

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

# Balranald Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2022

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

**The attached general purpose financial statements have been prepared in accordance with:**

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

**Signed in accordance with a resolution of Council made on 20 September 2022.**

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Michael Colreavy  
**Administrator**  
20 September 2022

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Jeff Sowiak  
**General Manager**  
20 September 2022

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Jeff Sowiak  
**Acting Responsible Accounting Officer**  
20 September 2022

## Balranald Shire Council

## Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
	<b>Income from continuing operations</b>			
4,727	Rates and annual charges	B2-1	4,557	4,129
2,900	User charges and fees	B2-2	2,191	1,980
526	Other revenues	B2-3	361	339
10,058	Grants and contributions provided for operating purposes	B2-4	9,612	8,791
8,088	Grants and contributions provided for capital purposes	B2-4	3,740	3,685
71	Interest and investment income	B2-5	119	74
162	Other income	B2-6	108	115
26,532	<b>Total income from continuing operations</b>		<b>20,688</b>	19,113
	<b>Expenses from continuing operations</b>			
5,387	Employee benefits and on-costs	B3-1	5,432	5,777
5,508	Materials and services	B3-2	3,608	2,814
114	Borrowing costs	B3-3	119	125
4,966	Depreciation, amortisation and impairment of non-financial assets	B3-4	5,373	5,214
368	Other expenses	B3-5	416	518
–	Net loss from the disposal of assets	B4-1	46	–
–	Net share of interests in joint ventures and associates using the equity method	D2	200	227
16,343	<b>Total expenses from continuing operations</b>		<b>15,194</b>	14,675
10,189	<b>Operating result from continuing operations</b>		<b>5,494</b>	4,438
10,189	<b>Net operating result for the year attributable to Council</b>		<b>5,494</b>	4,438
2,101	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>1,754</b>	753

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

## Balranald Shire Council

## Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>Net operating result for the year – from Income Statement</b>		<b>5,494</b>	<b>4,438</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>65,921</b>	175
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>65,921</b>	175
<b>Total other comprehensive income for the year</b>		<b>65,921</b>	175
<b>Total comprehensive income for the year attributable to Council</b>		<b>71,415</b>	<b>4,613</b>

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

## Balranald Shire Council

## Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	6,523	7,292
Investments	C1-2	16,000	10,750
Receivables	C1-4	2,338	2,290
Inventories	C1-5	258	240
Other	C1-9	26	14
<b>Total current assets</b>		<b>25,145</b>	<b>20,586</b>
<b>Non-current assets</b>			
Receivables	C1-4	54	64
Infrastructure, property, plant and equipment (IPPE)	C1-7	214,651	146,933
Intangible assets	C1-8	397	350
Investments accounted for using the equity method	D2-1	932	1,132
<b>Total non-current assets</b>		<b>216,034</b>	<b>148,479</b>
<b>Total assets</b>		<b>241,179</b>	<b>169,065</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	4,397	3,560
Contract liabilities	C3-2	3,212	3,067
Borrowings	C3-3	203	182
Employee benefit provisions	C3-4	736	804
<b>Total current liabilities</b>		<b>8,548</b>	<b>7,613</b>
<b>Non-current liabilities</b>			
Borrowings	C3-3	1,643	1,854
Employee benefit provisions	C3-4	94	119
Provisions	C3-5	170	170
<b>Total non-current liabilities</b>		<b>1,907</b>	<b>2,143</b>
<b>Total liabilities</b>		<b>10,455</b>	<b>9,756</b>
<b>Net assets</b>		<b>230,724</b>	<b>159,309</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	64,373	58,879
IPPE revaluation reserve	C4-1	166,351	100,430
<b>Council equity interest</b>		<b>230,724</b>	<b>159,309</b>
<b>Total equity</b>		<b>230,724</b>	<b>159,309</b>

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

## Balranald Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	as at 30/06/22			as at 30/06/21		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		58,879	100,430	159,309	54,441	100,255	154,696
<b>Restated opening balance</b>		<b>58,879</b>	<b>100,430</b>	<b>159,309</b>	<b>54,441</b>	<b>100,255</b>	<b>154,696</b>
Net operating result for the year		5,494	–	5,494	4,438	–	4,438
<b>Net operating result for the period</b>		<b>5,494</b>	<b>–</b>	<b>5,494</b>	<b>4,438</b>	<b>–</b>	<b>4,438</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	65,921	65,921	–	175	175
<b>Other comprehensive income</b>		<b>–</b>	<b>65,921</b>	<b>65,921</b>	<b>–</b>	<b>175</b>	<b>175</b>
<b>Total comprehensive income</b>		<b>5,494</b>	<b>65,921</b>	<b>71,415</b>	<b>4,438</b>	<b>175</b>	<b>4,613</b>
<b>Closing balance at 30 June</b>		<b>64,373</b>	<b>166,351</b>	<b>230,724</b>	<b>58,879</b>	<b>100,430</b>	<b>159,309</b>

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

## Balranald Shire Council

## Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
4,727	Rates and annual charges		4,668	4,258
2,900	User charges and fees		2,750	1,981
71	Interest received		80	85
18,146	Grants and contributions		14,316	15,233
–	Bonds, deposits and retentions received		1,080	480
526	Other		235	1,164
<i>Payments:</i>				
(5,387)	Payments to employees		(5,493)	(5,800)
(5,508)	Payments for materials and services		(2,852)	(3,318)
(141)	Borrowing costs		(115)	(126)
–	Bonds, deposits and retentions refunded		(471)	(336)
(368)	Other		(1,575)	(720)
14,966	<b>Net cash flows from operating activities</b>	G1-1	<b>12,623</b>	<b>12,901</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
22,300	Sale of investments		10,000	9,000
–	Proceeds from sale of IPPE		43	–
<i>Payments:</i>				
–	Purchase of investments		(15,250)	(14,500)
(14,765)	Payments for IPPE		(7,923)	(6,386)
–	Purchase of intangible assets		(72)	–
7,535	<b>Net cash flows from investing activities</b>		<b>(13,202)</b>	<b>(11,886)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(190)	Repayment of borrowings		(190)	(257)
(190)	<b>Net cash flows from financing activities</b>		<b>(190)</b>	<b>(257)</b>
22,311	<b>Net change in cash and cash equivalents</b>		<b>(769)</b>	<b>758</b>
–	Cash and cash equivalents at beginning of year		7,292	6,534
22,311	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>6,523</b>	<b>7,292</b>
–	plus: Investments on hand at end of year	C1-2	16,000	10,750
22,311	<b>Total cash, cash equivalents and investments</b>		<b>22,523</b>	<b>18,042</b>

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

# Balranald Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 20 September 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

## 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
- Balranald water supply
- Euston water supply
- Balranald sewerage service
- Euston sewerage service

### **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 has not recognised volunteer services in the income statement as they are neither material nor able to be reliably measured.

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

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

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

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

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

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

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

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

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

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

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

## A1-1 Basis of preparation (continued)

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

This Standard amends a number of standards as follows:

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

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

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

Apart from the standards listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

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

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

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

## B Financial Performance

### B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
<b>Functions or activities</b>										
Governance	31	288	216	387	(185)	(99)	–	–	766	403
Administration	380	272	3,072	4,734	(2,692)	(4,462)	117	–	17,217	13,862
Public order and safety	107	231	381	506	(274)	(275)	208	225	508	562
Health	9	9	58	62	(49)	(53)	–	–	94	105
Environment	435	416	410	342	25	74	48	27	5,415	4,883
Community services and education	1,388	1,542	1,375	1,368	13	174	986	1,206	7,026	1,957
Housing and community amenities	188	228	644	618	(456)	(390)	46	215	5,932	6,044
Water supplies	1,588	1,491	837	751	751	740	–	77	12,927	13,161
Sewerage services	711	643	371	369	340	274	1,218	–	10,789	10,602
Recreation and culture	1,234	291	1,026	1,021	208	(730)	–	605	4,572	10,861
Mining, manufacturing and construction	6	5	84	64	(78)	(59)	–	–	595	25
Transport and communication	4,574	6,090	5,674	3,265	(1,100)	2,825	4,442	5,692	173,289	104,427
Economic affairs	819	599	846	961	(27)	(362)	119	–	1,117	1,041
General Purpose Income	9,218	7,008	–	–	9,218	7,008	6,168	4,429	–	–
FSWJO	–	–	200	227	(200)	(227)	–	–	932	1,132
<b>Total functions and activities</b>	<b>20,688</b>	<b>19,113</b>	<b>15,194</b>	<b>14,675</b>	<b>5,494</b>	<b>4,438</b>	<b>13,352</b>	<b>12,476</b>	<b>241,179</b>	<b>169,065</b>

## B1-2 Components of functions or activities

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

### Governance

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

### Administration

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

### Public order and safety

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

### Health

Includes immunisation, food control, health centres etc.

### Environment

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

### Community services and education

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

### Housing and community amenities

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

### Water supplies

### Sewerage services

### Recreation and culture

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

### Mining, manufacturing and construction

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

### Transport and communication

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

### Economic affairs

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

### General Purpose Income

This includes financial assistance grant funding which has no specific function allocation and is expended in areas of council.

## B2 Sources of income

### B2-1 Rates and annual charges

	2022 \$ '000	2021 \$ '000
<b>Ordinary rates</b>		
Residential	400	342
Farmland	1,423	1,280
Business	1,022	936
Less: pensioner rebates (mandatory)	(19)	(19)
<b>Rates levied to ratepayers</b>	<b>2,826</b>	<b>2,539</b>
Pensioner rate subsidies received	11	10
<b>Total ordinary rates</b>	<b>2,837</b>	<b>2,549</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	321	306
Water supply services	733	676
Sewerage services	609	539
Waste management services (non-domestic)	55	58
Stormwater Charges	19	19
Less: pensioner rebates (mandatory)	(39)	(39)
<b>Annual charges levied</b>	<b>1,698</b>	<b>1,559</b>
Pensioner subsidies received:		
– Water	7	6
– Sewerage	6	6
– Domestic waste management	9	9
<b>Total annual charges</b>	<b>1,720</b>	<b>1,580</b>
<b>Total rates and annual charges</b>	<b>4,557</b>	<b>4,129</b>
<b>Timing of revenue recognition for rates and annual charges</b>		
Rates and annual charges recognised over time (1)	4,524	4,098
Rates and annual charges recognised at a point in time (2)	33	31
<b>Total rates and annual charges</b>	<b>4,557</b>	<b>4,129</b>

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

	Timing	2022 \$ '000	2021 \$ '000
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Sewerage services	2	73	77
Sewerage services contract aboriginal mission	2	26	24
Water service contract aboriginal mission	2	51	49
Water supply services	2	767	644
<b>Total specific user charges</b>		<b>917</b>	<b>794</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Building services – other		7	–
Private works – section 67	2	149	58
Registration fees	2	1	1
Section 603 certificates	2	6	6
Town planning	2	43	56
Other		4	–
Building services	2	23	30
<b>Total fees and charges – statutory/regulatory</b>		<b>233</b>	<b>151</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aged care	2	389	371
Caravan park	2	480	438
Cemeteries	2	29	29
Lease rentals		7	–
Refuse and effluent disposal		–	2
Transport for NSW works (state roads not controlled by Council)	2	108	160
Waste disposal tipping fees	2	2	3
Water connection fees	2	2	7
Other	2	24	25
<b>Total fees and charges – other</b>		<b>1,041</b>	<b>1,035</b>
<b>Total other user charges and fees</b>		<b>1,274</b>	<b>1,186</b>
<b>Total user charges and fees</b>		<b>2,191</b>	<b>1,980</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		2,191	1,980
<b>Total user charges and fees</b>		<b>2,191</b>	<b>1,980</b>

### Accounting policy

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

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

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

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

## B2-3 Other revenues

	Timing	2022 \$ '000	2021 \$ '000
Commissions and agency fees	2	77	79
Diesel rebate	1	24	39
Insurance claims recoveries	1	7	–
Motor vehicle contributions	2	14	32
Raw water standpipe sales	2	20	32
Rebates	2	34	34
Sales – miscellaneous	2	32	4
Tourist information centre sales	2	52	75
Other	2	101	44
<b>Total other revenue</b>		<b>361</b>	<b>339</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	330	40
Other revenue recognised at a point in time (2)	31	299
<b>Total other revenue</b>	<b>361</b>	<b>339</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

		Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
	Timing				
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance	1	2,431	2,138	-	-
<b>Payment in advance - future year allocation</b>					
Financial assistance	1	3,738	2,291	-	-
<b>Amount recognised as income during current year</b>					
		<b>6,169</b>	<b>4,429</b>	<b>-</b>	<b>-</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
<b>Pensioners' rates subsidies:</b>					
Water supplies	2	-	-	-	77
Aged care	2	978	943	5	261
Bushfire and emergency services	1	207	225	-	-
Employment and training programs		7	-	-	-
Environmental programs	2	17	-	-	-
Library – per capita	1	47	48	-	-
Library – special projects	2	-	-	15	13
Noxious weeds	1	27	27	-	-
Recreation and culture	2	5	-	1,094	545
Drainage	2	-	-	5	-
Crown Land Management	2	-	-	-	88
Youth week	1	3	2	-	-
Tourism		15	-	103	-
Street lighting	1	46	40	-	-
Transport (roads to recovery)	1	845	1,249	-	-
Transport (other roads and bridges funding)	2	-	600	2,233	2,021
Other specific grants	1	110	38	-	24
<b>Previously contributions:</b>					
Community services	1	-	25	57	-
Roads and bridges		-	-	186	-
Transport for NSW contributions (regional roads, block grant)	1	1,136	1,165	42	656
<b>Total special purpose grants and non-developer contributions – cash</b>					
		<b>3,443</b>	<b>4,362</b>	<b>3,740</b>	<b>3,685</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>					
		<b>3,443</b>	<b>4,362</b>	<b>3,740</b>	<b>3,685</b>
<b>Total grants and non-developer contributions</b>					
		<b>9,612</b>	<b>8,791</b>	<b>3,740</b>	<b>3,685</b>
<b>Comprising:</b>					
– Commonwealth funding		8,099	6,632	3,178	1,914
– State funding		1,513	2,107	401	1,683
– Other funding		-	52	161	88
		<b>9,612</b>	<b>8,791</b>	<b>3,740</b>	<b>3,685</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	357	255	3,259	375
<b>Add:</b> Funds received and not recognised as revenue in the current year	9,654	8,215	3,843	6,954
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(9,892)	(8,113)	(2,268)	(3,697)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	-	-	(1,622)	(373)
<b>Unspent funds at 30 June</b>	<b>119</b>	<b>357</b>	<b>3,212</b>	<b>3,259</b>

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include achievement of specified levels of service, delivery of specific goods or services, or the completion of agreed asset development. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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

#### Capital grants

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

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

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

#### Other grants and contributions

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

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

## B2-5 Interest and investment income

	2022 \$ '000	2021 \$ '000
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	29	12
– Cash and investments	90	62
<b>Total interest and investment income (losses)</b>	<b>119</b>	<b>74</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	23	5
General Council cash and investments	69	50
<b>Restricted investments/funds – external:</b>		
Water fund operations	19	13
Sewerage fund operations	8	6
<b>Total interest and investment income</b>	<b>119</b>	<b>74</b>

### Accounting policy

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

## B2-6 Other income

	2022 \$ '000	2021 \$ '000
	Notes	
<b>Rental income</b>		
<b>Other lease income</b>		
Commercial related	43	45
Room/Facility Hire	11	–
Health and day care related	2	1
Leaseback fees - council vehicles	3	–
Staff housing	49	69
<b>Total other lease income</b>	<b>108</b>	<b>115</b>
<b>Total rental income</b>	<b>108</b>	<b>115</b>
	C2-2	
<b>Total other income</b>	<b>108</b>	<b>115</b>

## B3 Costs of providing services

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

	2022 \$ '000	2021 \$ '000
Salaries and wages	4,625	4,742
Employee leave entitlements (ELE)	225	364
Superannuation – defined contribution plans	386	401
Superannuation – defined benefit plans	46	65
Workers' compensation insurance	116	113
Fringe benefit tax (FBT)	33	48
Protective clothing	55	69
Medicals	9	8
Recruitment	9	34
Other	2	2
<b>Total employee costs</b>	<b>5,506</b>	<b>5,846</b>
Less: capitalised costs	(74)	(69)
<b>Total employee costs expensed</b>	<b>5,432</b>	<b>5,777</b>
Number of 'full-time equivalent' employees (FTE) at year end	45	48
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	58	60

#### Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee.

#### *Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

#### *Superannuation plans*

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

## B3-2 Materials and services

	Notes	2022 \$ '000	2021 \$ '000
Raw materials and consumables		972	939
Contractor and consultancy costs		854	77
– Caravan park management		11	126
– Waste		213	194
Administrator fees and associated expenses	F1-2	133	156
Advertising		55	46
Audit Fees	F2-1	60	61
Bank charges		15	15
Cleaning		15	10
Computer software charges		2	2
Electricity and heating		206	210
Insurance		399	343
Office expenses (including computer expenses)		120	105
Postage		12	12
Printing and stationery		20	16
Street lighting		15	47
Subscriptions and publications		62	23
Telephone and communications		43	40
Tourism expenses (excluding employee costs)		87	114
Training costs (other than salaries and wages)		34	49
Travel expenses		63	41
Valuation fees		69	68
Other expenses		73	70
<b>Legal expenses:</b>			
– Legal expenses: planning and development		1	–
– Legal expenses: other		26	6
<b>Lease expenses:</b>			
Expenses from leases of low value assets		12	10
Other		36	34
<b>Total materials and services</b>		<b>3,608</b>	<b>2,814</b>
<b>Total materials and services</b>		<b>3,608</b>	<b>2,814</b>

### Accounting policy

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

## B3-3 Borrowing costs

	2022 \$ '000	2021 \$ '000
<b>(i) Interest bearing liability costs</b>		
Interest on loans	119	125
<b>Total interest bearing liability costs</b>	<b>119</b>	<b>125</b>
<b>Total interest bearing liability costs expensed</b>	<b>119</b>	<b>125</b>
<b>Total borrowing costs expensed</b>	<b>119</b>	<b>125</b>

### Accounting policy

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

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

	Notes	2022 \$ '000	2021 \$ '000
<b>Depreciation and amortisation</b>			
Furniture and fittings		21	21
Land improvements (depreciable)		3	–
Office equipment		26	26
Plant and equipment		394	379
<b>Infrastructure:</b>	C1-7		
– Buildings – non-specialised		565	556
– Buildings – specialised		8	8
– Footpaths		35	32
– Kerb and gutter		63	63
– Other structures		303	285
– Roads and bridges		3,362	3,265
– Sewerage network		165	157
– Stormwater drainage		56	56
– Swimming pools		34	34
– Water supply network		272	263
<b>Other assets:</b>			
– Other		41	44
Intangible assets	C1-8	25	25
<b>Total gross depreciation and amortisation costs</b>		<b>5,373</b>	<b>5,214</b>
<b>Total depreciation and amortisation costs</b>		<b>5,373</b>	<b>5,214</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>5,373</b>	<b>5,214</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C1-8 for intangible assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

#### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

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

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

## B3-5 Other expenses

	Notes	2022 \$ '000	2021 \$ '000
<b>Impairment of receivables</b>			
User charges and fees		20	13
Other		85	60
<b>Total impairment of receivables</b>	C1-4	<b>105</b>	<b>73</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		276	420
Donations, contributions and assistance to other organisations (Section 356)		35	25
<b>Total other</b>		<b>311</b>	<b>445</b>
<b>Total other expenses</b>		<b>416</b>	<b>518</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

	Notes	2022 \$ '000	2021 \$ '000
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		4	–
Less: carrying amount of property assets sold/written off		(35)	–
<b>Gain (or loss) on disposal</b>		<b>(31)</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-7		
Proceeds from disposal – plant and equipment		39	–
Less: carrying amount of plant and equipment assets sold/written off		(44)	–
<b>Gain (or loss) on disposal</b>		<b>(5)</b>	<b>–</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		10,000	9,000
Less: carrying amount of investments sold/redeemed/matured		(10,000)	(9,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Other</b>			
Proceeds from disposal of Library Books		–	–
Less: carrying amount of Library Books written off		(10)	–
<b>Gain (or loss) on disposal</b>		<b>(10)</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(46)</b>	<b>–</b>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

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

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	4,727	4,557	(170)	(4)% <b>U</b>
<b>User charges and fees</b>	2,900	2,191	(709)	(24)% <b>U</b>
User fees and charges were down for the period due to a number of factors including continued reduction in facility usage from the impacts of COVID, water consumption down due to increased rainfall, and a reduction in works and services during the year.				
<b>Other revenues</b>	526	361	(165)	(31)% <b>U</b>
Other income was down due to reduction in claimable Diesel Fuel Rebate as a result of Federal Government review of rates, reduced water standpipe sales, decrease in staff vehicle contributions and tourism sales was also down due to reduced visitations.				
<b>Operating grants and contributions</b>	10,058	9,612	(446)	(4)% <b>U</b>
<b>Capital grants and contributions</b>	8,088	3,740	(4,348)	(54)% <b>U</b>
The grant for extension of the Bidgee Haven Hostel was not pursued during the year as per the original budget and a number of other capital grants remained on hold during the year due to rationalisation of work activities.				
<b>Interest and investment revenue</b>	71	119	48	68% <b>F</b>
Interest on overdue rates returned to more normal levels following the removal of the State Government interest 'holiday' granted in the previous year due to COVID, as well as increased investment rates and available funds for short term investment.				
<b>Other income</b>	162	108	(54)	(33)% <b>U</b>
Staff housing contributions were down during the period due to delay in replacement of departing senior staff.				

## B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	5,387	5,432	(45)	(1)% <b>U</b>
<b>Materials and services</b>	5,508	3,608	1,900	34% <b>F</b>
A decrease in expected works and services during the year due to rationalisation of work activities and reduced capital grant take up.				
<b>Borrowing costs</b>	114	119	(5)	(4)% <b>U</b>
<b>Depreciation, amortisation and impairment of non-financial assets</b>	4,966	5,373	(407)	(8)% <b>U</b>
<b>Other expenses</b>	368	416	(48)	(13)% <b>U</b>
Original budget contribution for shared emergency services levy with Wentworth Shire Council was understated.				
<b>Joint ventures and associates – net losses</b>	–	200	(200)	∞ <b>U</b>
Council does not budget for the operations of the Far South West Joint Organisation of Councils but brings to account a share of the operating result at year end.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	14,966	12,623	(2,343)	(16)% <b>U</b>
Cashflow from operating activities was down during the year as indicated in the notes pertaining to reduced income and expenditure above.				
<b>Cash flows from investing activities</b>	7,535	(13,202)	(20,737)	(275)% <b>U</b>
Cashflow from grants was higher during the year, enabling increased short term investment opportunities.				
<b>Cash flows from financing activities</b>	(190)	(190)	–	0% <b>F</b>

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

	2022 \$ '000	2021 \$ '000
<b>Cash assets</b>		
Cash on hand and at bank	145	4,414
Cash equivalent assets		
– Deposits at call	4,378	1,878
– Short-term deposits	2,000	1,000
<b>Total cash and cash equivalents</b>	<b>6,523</b>	<b>7,292</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	6,523	7,292
<b>Balance as per the Statement of Cash Flows</b>	<b>6,523</b>	<b>7,292</b>

#### Accounting policy

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

#### C1-2 Financial investments

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Debt securities at amortised cost</b>				
Long term deposits	16,000	–	10,750	–
<b>Total</b>	<b>16,000</b>	<b>–</b>	<b>10,750</b>	<b>–</b>
<b>Total financial investments</b>	<b>16,000</b>	<b>–</b>	<b>10,750</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>22,523</b>	<b>–</b>	<b>18,042</b>	<b>–</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

## C1-2 Financial investments (continued)

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### **Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

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

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

	2022 Current \$ '000	2022 Non-current \$ '000	2022 \$ '000	2021 Current \$ '000	2021 Non-current \$ '000	2021 \$ '000
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## (a) Externally restricted cash, cash equivalents and investments

**Total cash, cash equivalents and investments**

	22,523	–	22,523	18,042	–	18,042
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Less: Externally restricted cash, cash equivalents and investments

	(8,254)	–	(8,254)	(7,458)	–	(7,458)
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**Cash, cash equivalents and investments not subject to external restrictions**

	14,269	–	14,269	10,584	–	10,584
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**External restrictions****External restrictions – included in liabilities**

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

Specific purpose unexpended grants – general fund				3,206		3,061
Specific purpose unexpended grants – water fund				6		6
<b>External restrictions – included in liabilities</b>				<b>3,212</b>		<b>3,067</b>

**External restrictions – other**

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

Specific purpose unexpended grants (recognised as revenue) – general fund				119		549
Water fund				2,962		2,198
Sewer fund				1,252		1,028
Stormwater management				19		–
Domestic waste management				690		616
<b>External restrictions – other</b>				<b>5,042</b>		<b>4,391</b>
<b>Total external restrictions</b>				<b>8,254</b>		<b>7,458</b>

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

	2022 Current \$ '000	2022 Non-current \$ '000	2022 \$ '000	2021 Current \$ '000	2021 Non-current \$ '000	2021 \$ '000
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## (b) Internal allocations

**Cash, cash equivalents and investments not subject to external restrictions**

	14,269	–	14,269	10,584	–	10,584
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Less: Internally restricted cash, cash equivalents and investments

	(11,618)	–	(11,618)	(6,287)	–	(6,287)
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**Unrestricted and unallocated cash, cash equivalents and investments**

	2,651	–	2,651	4,297	–	4,297
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## C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

	2022 \$ '000	2021 \$ '000
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	1,879	366
Infrastructure replacement	1,472	214
Employees leave entitlement	271	269
Deposits, retentions and bonds	-	130
Caravan park reserve	486	139
Euston cemetery	-	15
Gravel pits rehabilitation	235	234
Hostel bonds	2,353	1,743
Hostel Other	-	33
Self Care Unit Bonds	140	140
Health reserve	-	6
Lake Benanee capital improvements	-	1
Other assets replacement	-	286
Town clock	-	3
Financial Assistance Funds	3,738	2,291
Future Development Fund	1,044	415
Berrett Park Revitalisation	-	2
<b>Total internal allocations</b>	<b>11,618</b>	<b>6,287</b>

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

	2022 Current \$ '000	2022 Non-current \$ '000	2022 \$ '000	2021 Current \$ '000	2021 Non-current \$ '000	2021 \$ '000
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## (c) Unrestricted and unallocated

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>2,651</b>	<b>-</b>	<b>2,651</b>	<b>4,297</b>	<b>-</b>	<b>4,297</b>
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## C1-4 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Rates and annual charges	177	30	166	39
Interest and extra charges	15	5	16	6
User charges and fees	350	19	377	19
Accrued revenues				
– Interest on investments	60	–	19	–
– Other income accruals	–	–	64	–
Government grants and subsidies	1,573	–	1,652	–
Net GST receivable	332	–	91	–
Other debtors	–	–	2	–
<b>Total</b>	<b>2,507</b>	<b>54</b>	<b>2,387</b>	<b>64</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(111)	–	(59)	–
Other debtors	(58)	–	(38)	–
<b>Total provision for impairment – receivables</b>	<b>(169)</b>	<b>–</b>	<b>(97)</b>	<b>–</b>
<b>Total net receivables</b>	<b>2,338</b>	<b>54</b>	<b>2,290</b>	<b>64</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	136	–	52	–
– Other	160	–	260	19
<b>Sewerage services</b>				
– Rates and availability charges	38	–	40	–
– Other	22	–	26	–
<b>Total external restrictions</b>	<b>356</b>	<b>–</b>	<b>378</b>	<b>19</b>
<b>Unrestricted receivables</b>	<b>1,982</b>	<b>54</b>	<b>1,912</b>	<b>45</b>
<b>Total net receivables</b>	<b>2,338</b>	<b>54</b>	<b>2,290</b>	<b>64</b>

	2022 \$ '000	2021 \$ '000
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	97	26
Add: new provisions recognised during the year	72	71
<b>Balance at the end of the year</b>	<b>169</b>	<b>97</b>

### 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.

## C1-4 Receivables (continued)

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 6 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Inventories at cost</b>				
Stores and materials	232	-	216	-
Trading stock	26	-	24	-
<b>Total inventories at cost</b>	<b>258</b>	<b>-</b>	<b>240</b>	<b>-</b>
<b>Total inventories</b>	<b>258</b>	<b>-</b>	<b>240</b>	<b>-</b>

### Accounting policy

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

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

## C1-6 Non-current assets classified as held for sale

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Council did not classify any non-current assets and disposal group assets.

## C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals <sup>1</sup> \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Revaluation decrements to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	3,706	–	3,706	580	1,334	–	–	(2,645)	–	–	2,974	–	2,974
Plant and equipment	6,005	(3,943)	2,062	19	50	(44)	(394)	–	–	–	5,914	(4,221)	1,693
Office equipment	530	(420)	110	2	11	–	(26)	14	–	–	558	(446)	112
Furniture and fittings	330	(220)	110	–	–	–	(21)	–	–	–	330	(241)	89
<b>Land:</b>													
– Operational land	3,514	–	3,514	–	–	(35)	–	–	–	128	3,607	–	3,607
– Community land	2,214	–	2,214	–	–	–	–	–	–	–	2,214	–	2,214
Land improvements – non-depreciable	798	–	798	–	–	–	–	–	–	–	798	–	798
Land improvements – depreciable	311	(168)	143	–	–	–	(3)	–	–	–	311	(171)	140
<b>Infrastructure:</b>													
– Roads and bridges	126,991	(53,138)	73,853	2,493	772	–	(3,362)	2,425	–	68,794	186,384	(41,409)	144,975
– Other structures	23,579	(13,276)	10,303	604	87	–	(303)	61	(7,575)	–	3,654	(477)	3,177
– Swimming pools	1,982	(664)	1,318	–	–	–	(34)	–	–	219	1,885	(381)	1,504
– Sewerage network	13,833	(4,655)	9,178	314	–	–	(165)	2	(168)	–	12,761	(3,601)	9,160
– Water supply network	17,272	(7,325)	9,947	243	–	–	(272)	–	(960)	–	17,027	(8,068)	8,959
– Buildings – specialised	938	(326)	612	–	–	–	(8)	–	(46)	–	837	(279)	558
– Stormwater drainage	4,747	(1,222)	3,525	–	–	–	(56)	–	–	812	5,664	(1,382)	4,282
– Kerb and gutter	5,073	(1,441)	3,632	–	–	–	(63)	–	(653)	–	4,447	(1,532)	2,915
– Footpaths	1,886	(851)	1,035	15	25	–	(35)	–	–	245	1,889	(605)	1,284
– Buildings – non-specialised	34,731	(14,431)	20,300	26	645	–	(565)	143	–	5,125	42,414	(16,740)	25,674
<b>Other assets:</b>													
– Library books	188	(163)	25	–	14	(10)	–	–	–	–	152	(123)	29
– Other	796	(248)	548	–	–	–	(41)	–	–	–	796	(289)	507
<b>Total infrastructure, property, plant and equipment</b>	<b>249,424</b>	<b>(102,491)</b>	<b>146,933</b>	<b>4,296</b>	<b>2,938</b>	<b>(89)</b>	<b>(5,348)</b>	<b>–</b>	<b>(9,402)</b>	<b>75,323</b>	<b>294,616</b>	<b>(79,965)</b>	<b>214,651</b>

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

## C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period					At 30 June 2021		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals <sup>1</sup> \$ '000	Additions new assets \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	356	–	356	1,030	2,425	–	(105)	–	3,706	–	3,706
Plant and equipment	5,897	(3,564)	2,333	102	6	(379)	–	–	6,005	(3,943)	2,062
Office equipment	503	(394)	109	3	24	(26)	–	–	530	(420)	110
Furniture and fittings	330	(199)	131	–	–	(21)	–	–	330	(220)	110
<b>Land:</b>											
– Operational land	3,514	–	3,514	–	–	–	–	–	3,514	–	3,514
– Community land	2,214	–	2,214	–	–	–	–	–	2,214	–	2,214
Land improvements – non-depreciable	798	–	798	–	–	–	–	–	798	–	798
Land improvements – depreciable	311	(168)	143	–	–	–	–	–	311	(168)	143
<b>Infrastructure:</b>											
– Buildings – non-specialised	34,240	(13,875)	20,365	119	372	(556)	–	–	34,731	(14,431)	20,300
– Buildings – specialised	938	(318)	620	–	–	(8)	–	–	938	(326)	612
– Other structures	23,293	(12,991)	10,302	16	270	(285)	–	–	23,579	(13,276)	10,303
– Roads	125,287	(49,872)	75,415	1,093	606	(3,265)	5	–	126,991	(53,138)	73,853
– Footpaths	1,752	(819)	933	–	134	(32)	–	–	1,886	(851)	1,035
– Stormwater drainage	4,747	(1,166)	3,581	–	–	(56)	–	–	4,747	(1,222)	3,525
– Water supply network	16,821	(6,995)	9,826	117	77	(263)	100	91	17,272	(7,325)	9,947
– Sewerage network	13,404	(4,456)	8,948	303	–	(157)	–	84	13,833	(4,655)	9,178
– Swimming pools	1,982	(630)	1,352	–	–	(34)	–	–	1,982	(664)	1,318
– Kerb and gutter	5,073	(1,378)	3,695	–	–	(63)	–	–	5,073	(1,441)	3,632
<b>Other assets:</b>											
– Library books	183	(163)	20	–	5	–	–	–	188	(163)	25
– Other	796	(204)	592	–	–	(44)	–	–	796	(248)	548
<b>Total infrastructure, property, plant and equipment</b>	<b>242,439</b>	<b>(97,192)</b>	<b>145,247</b>	<b>2,783</b>	<b>3,919</b>	<b>(5,189)</b>	<b>–</b>	<b>175</b>	<b>249,424</b>	<b>(102,491)</b>	<b>146,933</b>

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

## C1-7 Infrastructure, property, plant and equipment (continued)

### Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

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

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

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

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

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	3 to 4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	20 to 100	Drains	70 to 100
Bores	10 to 50	Culverts	50 to 80
Reticulation pipes: PVC	50 to 80	Flood control structures	20 to 80
Reticulation pipes: other	25 to 50		
Pumps and telemetry	8 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	15	Bulk earthworks	Indefinite
Sealed roads: structure	35 to 150	Swimming pools	25 to 140
Unsealed roads	90 to 150	Other open space/recreational assets	20
Bridge: concrete	80 to 120	Other infrastructure	20
Bridge: other	80 to 120		
Road pavements	35 to 130		
Kerb, gutter and footpaths	40		

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

### 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.

### 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.

## C1-7 Infrastructure, property, plant and equipment (continued)

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

### Rural Fire Service assets

Council has approached the Rural Fire Service to seek access to Rural Fire Stations to inspect the vehicles and plant and this access has not been granted. Consequently, Council has relied on the information provided by the RFS to the Office of Local Government and subsequently distributed to Council through the Local Government NSW Association, on the location and replacement cost of RFS assets to establish a basis for inclusion in the EOY accounts. Based on this examination it was established that the residual value of RFS assets was not material.

### Externally restricted infrastructure, property, plant and equipment

	as at 30/06/22			as at 30/06/21		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
<b>Water supply</b>						
WIP	433	–	433	392	–	392
Plant and equipment	315	78	237	315	63	252
Land						
– Operational land	34	–	34	34	–	34
Infrastructure	17,027	8,068	8,959	17,272	7,324	9,948
<b>Total water supply</b>	<b>17,809</b>	<b>8,146</b>	<b>9,663</b>	<b>18,013</b>	<b>7,387</b>	<b>10,626</b>
<b>Sewerage services</b>						
WIP	4	–	4	2	–	2
Plant and equipment	285	60	225	285	45	240
Land						
– Operational land	88	–	88	88	–	88
Infrastructure	12,761	3,601	9,160	13,833	4,655	9,178
<b>Total sewerage services</b>	<b>13,138</b>	<b>3,661</b>	<b>9,477</b>	<b>14,208</b>	<b>4,700</b>	<b>9,508</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>30,947</b>	<b>11,807</b>	<b>19,140</b>	<b>32,221</b>	<b>12,087</b>	<b>20,134</b>

## C1-8 Intangible assets

Intangible assets are as follows:

	2022 \$ '000	2021 \$ '000
<b>Software and Other Intangibles</b>		
<b>Opening values at 1 July</b>		
Gross book value	443	425
Accumulated amortisation	(93)	(50)
<b>Net book value – opening balance</b>	<b>350</b>	<b>375</b>
<b>Movements for the year</b>		
Purchases	72	–
Amortisation charges	(25)	(25)
<b>Closing values at 30 June</b>		
Gross book value	515	443
Accumulated amortisation	(118)	(93)
<b>Total Intangibles – net book value</b>	<b>397</b>	<b>350</b>
<b>Total intangible assets – net book value</b>	<b>397</b>	<b>350</b>

### Accounting policy

#### IT development and software

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

## C1-9 Other

### Other assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Prepayments	26	–	14	–
<b>Total other assets</b>	<b>26</b>	<b>–</b>	<b>14</b>	<b>–</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council had no leases in place as at 30 June 2021.

#### (a) Income Statement

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

	2022 \$ '000	2021 \$ '000
Expenses relating to low-value leases	12	10
	<b>12</b>	<b>10</b>

#### (b) Leases at significantly below market value – concessionary / peppercorn leases

##### 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.

##### 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

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

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

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

Lease income (excluding variable lease payments not dependent on an index or rate)	108	115
<b>Total income relating to operating leases for Council assets</b>	<b>108</b>	<b>115</b>

#### (ii) Maturity analysis of contractual lease income

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

< 1 year	32	31
1–2 years	33	32
2–3 years	34	33
3–4 years	35	34
4–5 years	35	35
<b>Total undiscounted lease payments to be received</b>	<b>169</b>	<b>165</b>

### Accounting policy

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

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

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

## C3 Liabilities of Council

### C3-1 Payables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Goods and services – operating expenditure	1,368	–	594	–
Goods and services – capital expenditure	42	–	731	–
Accrued expenses:				
– Borrowings	9	–	5	–
– Salaries and wages	80	–	48	–
– Other expenditure accruals	–	–	6	–
Security bonds, deposits and retentions	269	–	270	–
Retirement home contributions	2,353	–	1,743	–
Other	93	–	41	–
Prepaid rates	183	–	122	–
<b>Total payables</b>	<b>4,397</b>	<b>–</b>	<b>3,560</b>	<b>–</b>

#### Payables relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Externally restricted assets</b>				
Water	65	–	21	–
Sewer	15	–	–	–
Payables relating to externally restricted assets	80	–	21	–
<b>Total payables relating to restricted assets</b>	<b>80</b>	<b>–</b>	<b>21</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>4,317</b>	<b>–</b>	<b>3,539</b>	<b>–</b>
<b>Total payables</b>	<b>4,397</b>	<b>–</b>	<b>3,560</b>	<b>–</b>

## C3-1 Payables (continued)

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

	2022 \$ '000	2021 \$ '000
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	2,450	1,898
<b>Total payables</b>	<b>2,450</b>	<b>1,898</b>

### Accounting policy

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

### Payables

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

## C3-2 Contract Liabilities

	Notes	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,212	–	3,067	–
<b>Total grants received in advance</b>		<b>3,212</b>	<b>–</b>	<b>3,067</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>3,212</b>	<b>–</b>	<b>3,067</b>	<b>–</b>

### Notes

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

### Contract liabilities relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Externally restricted assets</b>				
Water	6	–	6	–
Unspent grants held as contract liabilities (excl. Water & Sewer)	3,206	–	3,061	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>3,212</b>	<b>–</b>	<b>3,067</b>	<b>–</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>3,212</b>	<b>–</b>	<b>3,067</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>3,212</b>	<b>–</b>	<b>3,067</b>	<b>–</b>

## C3-2 Contract Liabilities (continued)

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### **Significant changes in contract liabilities**

During the reporting period Council received an increase in grant funding in advance which resulted in a significant increase in contract liabilities where grant funding for capital works remained unspent at the reporting date.

### **Accounting policy**

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

### C3-3 Borrowings

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Loans – secured <sup>1</sup>	203	1,643	182	1,854
<b>Total borrowings</b>	<b>203</b>	<b>1,643</b>	<b>182</b>	<b>1,854</b>

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

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

#### Borrowings relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Externally restricted assets</b>				
Water	74	559	66	636
Borrowings relating to externally restricted assets	74	559	66	636
<b>Total borrowings relating to restricted assets</b>	<b>74</b>	<b>559</b>	<b>66</b>	<b>636</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>129</b>	<b>1,084</b>	<b>116</b>	<b>1,218</b>
<b>Total borrowings</b>	<b>203</b>	<b>1,643</b>	<b>182</b>	<b>1,854</b>

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

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	2,036	(190)	–	–	–	–	1,846
<b>Total liabilities from financing activities</b>	<b>2,036</b>	<b>(190)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,846</b>

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	2,293	(257)	–	–	–	–	2,036
<b>Total liabilities from financing activities</b>	<b>2,293</b>	<b>(257)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,036</b>

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

	2022 \$ '000	2021 \$ '000
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	200	200
Credit cards/purchase cards	150	150
<b>Total financing arrangements</b>	<b>350</b>	<b>350</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	5	5
<b>Total drawn financing arrangements</b>	<b>5</b>	<b>5</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	145	145
<b>Total undrawn financing arrangements</b>	<b>345</b>	<b>345</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

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

##### Accounting policy

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

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

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

## C3-4 Employee benefit provisions

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Annual leave	427	–	455	–
Long service leave	240	90	316	119
Gratuities	40	–	33	–
ELE on-costs	29	4	–	–
<b>Total employee benefit provisions</b>	<b>736</b>	<b>94</b>	<b>804</b>	<b>119</b>
<b>Total employee benefit provisions relating to unrestricted assets</b>	<b>736</b>	<b>94</b>	<b>804</b>	<b>119</b>
<b>Total employee benefit provisions</b>	<b>736</b>	<b>94</b>	<b>804</b>	<b>119</b>

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

	2022 \$ '000	2021 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	418	485
	<b>418</b>	<b>485</b>

### Description of and movements in provisions

	ELE provisions				Total \$ '000
	Annual leave \$ '000	Long service leave \$ '000	ELE on-costs \$ '000	Other employee benefits \$ '000	
<b>2022</b>					
At beginning of year	455	435	–	33	923
Additional provisions	152	(71)	33	17	131
Amounts used (payments)	(180)	(34)	–	(10)	(224)
Total ELE provisions at end of year	<b>427</b>	<b>330</b>	<b>33</b>	<b>40</b>	<b>830</b>
<b>2021</b>					
At beginning of year	393	431	–	37	861
Additional provisions	313	49	–	1	363
Amounts used (payments)	(251)	(45)	–	(5)	(301)
Total ELE provisions at end of year	455	435	–	33	923

### Accounting policy

#### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating long service 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 long service 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

## C3-4 Employee benefit provisions (continued)

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

### On-costs

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

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

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

## C3-5 Provisions

	2022 Current \$ '000	2022 Non-Current \$ '000	2021 Current \$ '000	2021 Non-Current \$ '000
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	170	–	170
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>170</b>	<b>–</b>	<b>170</b>
<b>Total provisions</b>	<b>–</b>	<b>170</b>	<b>–</b>	<b>170</b>

## Description of and movements in provisions

	Other provisions	
	Asset remediation \$ '000	Net carrying amount \$ '000
<b>2022</b>		
<b>At beginning of year</b>	170	170
Total other provisions at end of year	170	170
<b>2021</b>		
At beginning of year	170	170
Total other provisions at end of year	170	170

### Nature and purpose of provisions

#### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip.

#### 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.

## C3-5 Provisions (continued)

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

### **Asset remediation – tips and quarries**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

	<b>General 2022 \$ '000</b>	<b>Water 2022 \$ '000</b>	<b>Sewer 2022 \$ '000</b>
<b>Income from continuing operations</b>			
Rates and annual charges	3,109	807	641
User charges and fees	1,349	769	73
Interest and investment revenue	92	19	8
Other revenues	264	71	26
Grants and contributions provided for operating purposes	9,612	–	–
Grants and contributions provided for capital purposes	3,740	–	–
Other income	108	–	–
<b>Total income from continuing operations</b>	<b>18,274</b>	<b>1,666</b>	<b>748</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	5,432	–	–
Materials and services	2,818	562	228
Borrowing costs	76	43	–
Depreciation, amortisation and impairment of non-financial assets	4,906	287	180
Other expenses	393	23	–
Net losses from the disposal of assets	46	–	–
Share of interests in joint ventures and associates using the equity method	200	–	–
<b>Total expenses from continuing operations</b>	<b>13,871</b>	<b>915</b>	<b>408</b>
<b>Operating result from continuing operations</b>	<b>4,403</b>	<b>751</b>	<b>340</b>
<b>Net operating result for the year</b>	<b>4,403</b>	<b>751</b>	<b>340</b>
<b>Net operating result attributable to each council fund</b>	<b>4,403</b>	<b>751</b>	<b>340</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>663</b>	<b>751</b>	<b>340</b>

## D1-2 Statement of Financial Position by fund

	<b>General 2022 \$ '000</b>	<b>Water 2022 \$ '000</b>	<b>Sewer 2022 \$ '000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3,403	2,368	752
Investments	14,900	600	500
Receivables	1,982	296	60
Inventories	258	–	–
Other	26	–	–
<b>Total current assets</b>	<b>20,569</b>	<b>3,264</b>	<b>1,312</b>
<b>Non-current assets</b>			
Receivables	54	–	–
Infrastructure, property, plant and equipment	195,511	9,663	9,477
Investments accounted for using the equity method	932	–	–
Intangible assets	397	–	–
<b>Total non-current assets</b>	<b>196,894</b>	<b>9,663</b>	<b>9,477</b>
<b>Total assets</b>	<b>217,463</b>	<b>12,927</b>	<b>10,789</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	4,317	65	15
Contract liabilities	3,206	6	–
Borrowings	129	74	–
Employee benefit provision	736	–	–
<b>Total current liabilities</b>	<b>8,388</b>	<b>145</b>	<b>15</b>
<b>Non-current liabilities</b>			
Borrowings	1,084	559	–
Employee benefit provision	94	–	–
Provisions	170	–	–
<b>Total non-current liabilities</b>	<b>1,348</b>	<b>559</b>	<b>–</b>
<b>Total liabilities</b>	<b>9,736</b>	<b>704</b>	<b>15</b>
<b>Net assets</b>	<b>207,727</b>	<b>12,223</b>	<b>10,774</b>
<b>EQUITY</b>			
Accumulated surplus	54,617	6,052	3,704
Revaluation reserves	153,110	6,171	7,070
<b>Council equity interest</b>	<b>207,727</b>	<b>12,223</b>	<b>10,774</b>
<b>Total equity</b>	<b>207,727</b>	<b>12,223</b>	<b>10,774</b>

## D2 Interests in other entities

	Council's share of net assets	
	2022 \$ '000	2021 \$ '000
<b>Council's share of net income</b>		
<b>Net share of interests in joint ventures and associates using the equity method – expenses</b>		
Joint ventures	200	227
<b>Total net share of interests in joint ventures and associates using the equity method – expenses</b>	<b>200</b>	<b>227</b>
Total Council's share of net income	<b>(200)</b>	<b>(227)</b>
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Joint ventures	932	1,132
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>932</b>	<b>1,132</b>
Total Council's share of net assets	<b>932</b>	<b>1,132</b>

### D2-1 Interests in joint arrangements

The following information is provided for joint arrangements that are individually material to the Council. Included are the amounts as per the individual joint arrangement's financial statements, adjusted for fair-value adjustments, rather than Council's share.

Council is a member of the Far West Joint Organisation of Councils (FWJO). Details of Council's membership and participation is as follows:

The FWJO is a separately constituted entity pursuant to Part 7 (Sections 400O to 400ZH) of the Local Government Act (NSW) 1993, as amended, and the Local Government (General) Regulation 2008. The FWJO has the same year end date as the Council.

The principal functions of the Far West Joint Organisation will be to:

Establish strategic regional priorities for the joint organisation area and develop strategies and plans for delivering these priorities:

1. Provide regional leadership for the joint organisation area and to be an advocate for strategic regional priorities,
2. Identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area,
3. Enhancing strategic capacity to support member councils to deliver services to their communities,
4. Service delivery to provide services directly to communities within the region.

The percentage ownership interest held is equivalent to the percentage voting rights for all associates as follows: FWJO comprises the Councils of the Shires of Balranald, Wentworth, Broken Hill and Central Darling Shire Councils. The Board of the FWJO comprises 4 voting members being the Mayors of the four member Councils, and non-voting members being the General Managers of the four member Councils, as well as 3 appointed members from the State Government and Cabinet (non-voting).

Balranald Shire Council, as a member of the FWJO, has a one quarter voting right (25%) in respect to the decisions of the Board.

For the 2021/22 year, no member Councils were required to make contributions to the FWJO. Members of the FWJO are indemnified from liability for functions and duties carried out or omitted honestly, in good faith and with due care and diligence.

The FWJO has engaged an Executive Officer on a standard Local Government employment contract for 3 years. There are no liability issues identified for Council in the short to medium term.

## D2-1 Interests in joint arrangements (continued)

<b>Far West Joint Organisation Equity Method</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>2022</b>	<b>2021</b>
<b>Summarised Statement of Financial Position</b>		
<b>Current assets</b>	3,745	4619
<b>Current liabilities</b>	(18)	(92)
<b>Net assets</b>	<b>3,726</b>	<b>4,527</b>
<b>Summarised Statement of Income and other Comprehensive Income</b>		
Grant funding	60	150
Interest income	2	5
<b>Total income from continuing operations</b>	<b>62</b>	<b>155</b>
Employee benefits	-	(98)
Depreciation and amortisation	-	(2)
Administration expenses	(861)	(948)
Other expenses	(2)	
<b>Total expense from continuing operations</b>	<b>(864)</b>	<b>(1,048)</b>
<b>Gain/(Loss) from continuing operations</b>	<b>(801)</b>	<b>(893)</b>
<b>Total comprehensive income</b>	<b>(801)</b>	<b>(893)</b>
<b>Summarised statement of Cash Flows</b>		
Cashflow from operating activities	(859)	(893)
Cashflow from investing activities	-	33
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(859)</b>	<b>(860)</b>
<b>Reconciliation of carrying amount of interest in the joint arrangement to summarised financial information for FWJO accounted for using the Equity method:</b>		
Balranald Shire Council's share of net assets	932	1,132
Carrying amount of net assets	932	1,132

### Accounting policy

Interests in joint arrangements 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 investee after the date of acquisition. If the Council's share of losses of a joint arrangement equals or exceeds its interest in the joint arrangement, the Council discontinues recognising its share of further losses.

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

Adjustments are made to the joint arrangement'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.

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

	<b>Carrying value</b> 2022 \$ '000	Carrying value 2021 \$ '000	<b>Fair value</b> 2022 \$ '000	Fair value 2021 \$ '000
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	6,523	7,292	6,523	7,292
Receivables	2,392	2,354	2,392	2,354
Investments				
– Debt securities at amortised cost	16,000	10,750	16,000	10,750
<b>Total financial assets</b>	<b>24,915</b>	<b>20,396</b>	<b>24,915</b>	<b>20,396</b>
<b>Financial liabilities</b>				
Payables	4,397	3,560	4,397	3,560
Loans/advances	1,846	2,036	1,846	2,036
<b>Total financial liabilities</b>	<b>6,243</b>	<b>5,596</b>	<b>6,243</b>	<b>5,596</b>

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

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

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

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

	<b>2022</b>	2021
	<b>\$ '000</b>	\$ '000
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	<b>225</b>	180

### (b) Credit risk

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

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

	Not yet overdue \$ '000	overdue rates and annual charges				Total \$ '000
		< 5 years \$ '000	1 - 2 years \$ '000	2 - 5 years \$ '000	≥ 5 years \$ '000	
<b>2022</b>						
Gross carrying amount	128	68	11	–	–	207
<b>2021</b>						
Gross carrying amount	–	197	–	–	8	205

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

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

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

	Not yet overdue \$ '000	Overdue debts				Total \$ '000
		0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
<b>2022</b>						
Gross carrying amount	1,621	–	19	269	445	2,354
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	3.20%	0.60%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>14</b>	<b>14</b>
<b>2021</b>						
Gross carrying amount	557	5	150	74	1,460	2,246
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.60%	1.69%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>38</b>	<b>38</b>

## 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.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
<b>2022</b>							
Payables	0.00%	269	4,132	–	–	4,401	4,397
Borrowings	4.03%	–	304	1,218	324	1,846	1,846
<b>Total financial liabilities</b>		<b>269</b>	<b>4,436</b>	<b>1,218</b>	<b>324</b>	<b>6,247</b>	<b>6,243</b>
<b>2021</b>							
Payables	0.00%	2,013	1,425	–	–	3,438	3,560
Borrowings	5.74%	–	265	572	1,199	2,036	2,036
<b>Total financial liabilities</b>		<b>2,013</b>	<b>1,690</b>	<b>572</b>	<b>1,199</b>	<b>5,474</b>	<b>5,596</b>

### Loan agreement breaches

There were not any breaches to loan agreements which have occurred during the reporting year.

## 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

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
<b>Infrastructure, property, plant and equipment</b>	C1-7								
Plant and equipment		30/06/21	30/06/20	–	–	1,693	2,062	1,693	2,062
Office equipment		30/06/21	30/06/20	–	–	112	110	112	110
Furniture and fittings		30/06/21	30/06/20	–	–	89	110	89	110
Land – operational		30/06/22	30/06/18	3,607	3,514	–	–	3,607	3,514
Land community		30/06/20	30/06/20	–	–	2,214	2,214	2,214	2,214
Land improvements		30/06/22	30/06/20	–	–	938	941	938	941
Buildings non - specialised		30/06/22	30/06/18	–	1,430	25,674	18,870	25,674	20,300
Buildings specialised		30/06/22	30/06/18	–	–	558	612	558	612
Other structures		30/06/22	30/06/20	–	–	3,177	10,303	3,177	10,303
Roads and bridges		30/06/22	30/06/18	–	–	144,975	73,853	144,975	73,853
Kerb and channels		30/06/22	30/06/18	–	–	2,915	3,632	2,915	3,632
Footpaths		30/06/22	30/06/18	–	–	1,284	1,035	1,284	1,035
Stormwater drainage		30/06/22	30/06/18	–	–	4,282	3,525	4,282	3,525
Water supply network		30/06/22	30/06/18	–	–	8,959	9,947	8,959	9,947
Sewerage network		30/06/22	30/06/18	–	–	9,160	9,178	9,160	9,178
Swimming pools		30/06/22	30/06/18	–	–	1,504	1,318	1,504	1,318
Other		30/06/22	30/06/20	–	–	536	573	536	573
<b>Total infrastructure, property, plant and equipment</b>				<b>3,607</b>	<b>4,944</b>	<b>208,070</b>	<b>138,283</b>	<b>211,677</b>	<b>143,227</b>

### Valuation techniques

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

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

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

#### Infrastructure, Property, Plant & Equipment

##### Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & equipment, Office Equipment and Furniture & fittings 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. Examples of assets within these classes area as follows:

- Plant & equipment- Graders, Trucks, rollers, tractors and motor vehicles.
- Office equipment- Computers, photocopies, calculators etc.

## E2-1 Fair value measurement (continued)

- Furniture & Fittings- Chairs, desks and display boards.

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

### Operational & Community Land

Operational & community Land are based on either the market value approach (level 2) or the cost approach (level 3). Operational Land is represented by actual market values in the Balranald Shire LGA. Operational land was valued based on observable market values (level 2). Community land is based on values supplied by the Valuer General which is not based on market value and as such have been classified at a level 3.

Council has changed its methodology for valuation of Community Land during the year to accord with the methodology supported by the NSW Auditor General. Council uses valuations supplied by the NSW Valuer General with a current base date of 2019.

### Buildings- Non Specialised & Specialised

Non- Specialised & Specialised Buildings have been valued externally by APV Valuers and Asset Management of Level 18, 344 Queen Street Brisbane QLD 4000 using the market or cost approach, with effective date 30 June 2022. The approaches estimated the replacement cost of each building by componentising the building into significant parts.

While all buildings were physically inspected and the unit rates based on square market based evidence (level) 2 was established for some building assets, the majority of building assets were valued at a level 3.

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

### Other Structures

Other structures comprise of aerodrome runway, lighting, irrigation systems and fencing etc. have been valued externally by APV Valuers and Asset Management of Level 18, 344 Queen Street Brisbane QLD 4000 using the cost approach, with effective date 30 June 2022. The approach estimated the replacement cost of the asset by componentising the asset into significant parts. No market evidence (level 2) inputs are available therefore level 3 valuation inputs were used for this asset class.

### Roads, Bridges, Footpaths & Drainage Infrastructure.

Roads comprise roads carriageway, roadside shoulders & Kerb and Gutter and Channels. Bridges comprised of Bridges and Major Culverts. All these asset classes were valued externally by APV Valuers and Asset Management of Level 18, 344 Queen Street Brisbane QLD 4000 using the cost approach, with effective date 30 June 2022.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts using Balranald Shire Council's internal data base of costs. From field observations taken during this revaluation most of the unsealed road network has been reclassified from a formed and paved road asset to a formed only road asset.

Unit rates applied to the most recent valuation have increased significantly from previous valuations and this is based on the valuer's determination of unit rates applicable to similar local government entities. The increase in unit rates has resulted in a substantial increase in the carrying value of Roads assets at 30 June 2022.

### Water Supply Network

Assets within this class comprise reservoirs, pumping stations and water pipelines.

The cost approach estimated the replacement cost for each asset by componentising the asset into significant parts with different useful lives and taking into account a range of factors. All Water Supply Network Assets were valued externally by APV Valuers and Asset Management of Level 18, 344 Queen Street Brisbane QLD 4000 using the cost approach, with effective date 30 June 2022.

This valuation is based on inventory information provided by Council validated by onsite inspections and CCTV data. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

### Sewerage Network

Assets within this class comprise treatment works, pumping stations and, sewerage mains.

The cost approach estimated the replacement cost for each asset by componentising the asset into significant parts with different useful lives and taking into account a range of factors. All Water Supply Network Assets were valued externally by APV Valuers and Asset Management of Level 18, 344 Queen Street Brisbane QLD 4000 using the cost approach, with effective date 30 June 2022.

This valuation is based on inventory information provided by Council validated by onsite inspections and CCTV data. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

## E2-1 Fair value measurement (continued)

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### **Swimming Pools**

Assets within this class comprise Council's outdoor swimming pool, valued externally by APV Valuers and Asset Management of Level 18, 344 Queen Street Brisbane QLD 4000 using the market or cost approach, with effective date 30 June 2022. The approach estimated the replacement cost for each pool by componentising its significant parts.

While some elements of gross replacement values may be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

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

## E2-1 Fair value measurement (continued)

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

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

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Plant and equipment	Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Office equipment	Replacement Cost	Current Replacement Cost, Remaining Useful Life
Furniture and fittings	Replacement Cost	Current Replacement Cost, Remaining Useful Life
Community Land	Unimproved Value	New South Wales Valuer Generals Unimproved Value
Land improvements	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Buildings non specialised	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Building specialised	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Other structures	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Roads and bridges	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Kerb and gutter	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Footpaths	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Stormwater drainage	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Water supply network	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Sewerage network	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Swimming pools	Depreciated Replacement Cost	Current Replacement Cost, Remaining Useful Life, Residual Value
Other assets	Depreciated Replacement Cost	Current Replacement Cost, 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:

	Plant and equipment		Office equipment		Furniture and fittings		Community Land	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
<b>Opening balance</b>	<b>2,062</b>	2,333	<b>110</b>	109	<b>110</b>	131	<b>2,214</b>	2,214
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	69	108	27	27	-	-	-	-
Disposals (WDV)	(44)	-	-	-	-	-	-	-
Depreciation and impairment	(394)	(379)	(26)	(26)	(21)	(21)	-	-
Revaluations	-	-	1	-	-	-	-	-
<b>Closing balance</b>	<b>1,693</b>	2,062	<b>112</b>	110	<b>89</b>	110	<b>2,214</b>	2,214

	Land improvement		Buildings non specialised		Building specialised		Other structures	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
<b>Opening balance</b>	<b>941</b>	941	<b>18,870</b>	18,935	<b>612</b>	620	<b>10,303</b>	10,302
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	-	-	814	491	-	-	752	286
Transfers from/(to) level 2 FV hierarchy	-	-	865	-	-	-	-	-
Depreciation and impairment	(3)	-	-	(556)	(8)	(8)	(303)	(285)
Revaluations	-	-	5,125	-	(46)	-	(7,575)	-
<b>Closing balance</b>	<b>938</b>	941	<b>25,674</b>	18,870	<b>558</b>	612	<b>3,177</b>	10,303

	Roads and bridges		Kerb and gutter		Footpaths		Stormwater drainage	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
<b>Opening balance</b>	<b>73,853</b>	75,415	<b>3,632</b>	3,695	<b>1,035</b>	933	<b>3,525</b>	3,581
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	5,690	1,703	-	-	40	134	-	-
Depreciation and impairment	(3,362)	(3,265)	(63)	(63)	(35)	(32)	(56)	(56)
Revaluations	68,794	-	(653)	-	245	-	812	-
Rounding	-	-	(1)	-	(1)	-	1	-
<b>Closing balance</b>	<b>144,975</b>	73,853	<b>2,915</b>	3,632	<b>1,284</b>	1,035	<b>4,282</b>	3,525

	Water supply network		Sewerage network		Swimming pool		Other assets	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
<b>Opening balance</b>	<b>9,947</b>	9,826	<b>9,178</b>	8,948	<b>1,318</b>	1,352	<b>573</b>	612
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	243	294	316	303	-	-	14	5
Disposals (WDV)	-	-	-	-	-	-	(10)	-
Depreciation and impairment	(272)	(263)	(165)	(157)	(34)	(34)	(41)	(44)
Revaluations	(960)	91	(168)	84	219	-	-	-
Rounding	1	(1)	(1)	-	1	-	-	-
<b>Closing balance</b>	<b>8,959</b>	9,947	<b>9,160</b>	9,178	<b>1,504</b>	1,318	<b>536</b>	573

## E2-1 Fair value measurement (continued)

	2022 \$ '000	2021 \$ '000
<b>Opening balance</b>	<b>138,283</b>	<b>139,947</b>
Purchases (GBV)	7,965	3,351
Transfers from/(to) level 2 FV hierarchy	865	–
Disposals (WDV)	(54)	–
Depreciation and impairment	(4,783)	(5,189)
Revaluations	65,794	175
Rounding	–	(1)
<b>Closing balance</b>	<b>208,070</b>	<b>138,283</b>

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

Buildings assets were revalued during the year and while a small number of assets were assessed with market inputs (level 2), Council has utilised the level 3 valuations effective 30 June 2022.

## E2-1 Fair value measurement (continued)

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### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

Council 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 future service employer contributions and past service employer contributions to the Fund.

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

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

\* For 180 Point Members, Employers are required to contribute 7.5% 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 \$40.0 million for 1 July 2019 to 31 December 2021, and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

## E3-1 Contingencies (continued)

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 \$30,176.09. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield, FIAA as at 30 June 2021. The amount of additional contributions included in the total employer contribution advised above is \$14,863.44. Council's expected contribution to the plan for the next annual reporting period is \$28,455.60.

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

<b>Employer reserves only *</b>	<b>\$millions</b>	<b>Asset Coverage</b>
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 any funding surplus or deficit that can be attributed to Council is 0.07%

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.

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

### (ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 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.

### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity. StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA. These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

## E3-1 Contingencies (continued)

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### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

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

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

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

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

## ASSETS NOT RECOGNISED

### (i) Land under roads

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

### (ii) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

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

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. The aggregate amount of KMP compensation included in the Income Statement is:

	2022 \$ '000	2021 \$ '000
<b>Compensation:</b>		
Short-term benefits	561	879
Termination benefits	226	233
<b>Total</b>	<b>787</b>	<b>1,112</b>

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

	<b>2022</b>	2021
	<b>\$ '000</b>	\$ '000
The aggregate amount of Councillor and Administrator fees and associated expenses included in materials and services expenses in the Income Statement are:		
Administrator fee	<b>130</b>	141
Other Councillors' expenses (including Administrator)	<b>3</b>	15
<b>Total</b>	<b>133</b>	<b>156</b>

## F2 Other relationships

### F2-1 Audit fees

	2022 \$ '000	2021 \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	60	61
<b>Remuneration for audit and other assurance services</b>	<b>60</b>	<b>61</b>
<b>Total Auditor-General remuneration</b>	<b>60</b>	<b>61</b>
<b>Total audit fees</b>	<b>60</b>	<b>61</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

	2022 \$ '000	2021 \$ '000
<b>Net operating result from Income Statement</b>	<b>5,494</b>	4,438
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	5,373	5,214
(Gain) / loss on disposal of assets	46	–
Share of net (profits)/losses of associates/joint ventures using the equity method	200	227
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(110)	68
Increase / (decrease) in provision for impairment of receivables	72	71
(Increase) / decrease of inventories	(18)	(45)
(Increase) / decrease of other current assets	(12)	(3)
Increase / (decrease) in payables	774	91
Increase / (decrease) in accrued interest payable	4	(1)
Increase / (decrease) in other accrued expenses payable	26	(135)
Increase / (decrease) in other liabilities	722	222
Increase / (decrease) in contract liabilities	145	2,692
Increase / (decrease) in employee benefit provision	(93)	62
<b>Net cash flows from operating activities</b>	<b>12,623</b>	12,901

## G2-1 Commitments

### Capital commitments (exclusive of GST)

	2022 \$ '000	2021 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Sewerage and water infrastructure	310	6
Buildings	4,607	5,192
Plant and equipment	111	–
Roads	650	1,963
Other Structures	2,063	1,311
<b>Total commitments</b>	<b>7,741</b>	<b>8,472</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	3,461	8,472
Later than one year and not later than 5 years	4,280	–
<b>Total payable</b>	<b>7,741</b>	<b>8,472</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	182	–
Future grants and contributions	4,280	4,992
Unexpended grants	3,279	3,480
<b>Total sources of funding</b>	<b>7,741</b>	<b>8,472</b>

### G3-1 Events occurring after the reporting date

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

## G4 Changes from prior year statements

### G4-1 Changes in accounting policy

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### G4-2 Correction of errors

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Council made no correction of errors during the current reporting period.

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#### **Nature and effect of changes in accounting estimates on current year**

A comprehensive valuation of Roads Infrastructure effective 30 June 2022 incorporated a significant increase in the unit rates applied to each component, consistent with current industry rates. This has resulted in an increase in the carrying value from \$74 million at 30 June 2021 to \$144 million at 30 June 2022. Depreciation expenses will increase in future years as a result of the change in unit rates.

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

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Council currently has no S7.11 developer contribution plans.

## G6 Statement of performance measures

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

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021      2020		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>2,000</b>	<b>11.80%</b>	6.35%	(2.65)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>16,948</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>7,336</b>	<b>35.46%</b>	34.73%	35.48%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>20,688</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>16,535</b>	<b>7.15x</b>	6.14x	5.72x	> 1.50x
Current liabilities less specific purpose liabilities	<b>2,314</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>7,492</b>	<b>24.25x</b>	16.54x	12.22x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>309</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>116</b>	<b>2.44%</b>	3.80%	6.74%	< 10.00%
Rates and annual charges collectable	<b>4,754</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>22,523</b>	<b>25.27</b>	20.51	12.64	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>891</b>	<b>mths</b>	mths	mths	mths

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

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

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>6.25%</b>	0.33%	<b>45.08%</b>	42.20%	<b>45.45%</b>	40.35%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>26.93%</b>	26.13%	<b>100.00%</b>	95.33%	<b>100.00%</b>	100.00%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>7.15x</b>	6.14x	∞	(15.90)x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>31.17x</b>	17.97x	<b>9.01x</b>	8.95x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>1.19%</b>	5.57%	<b>5.06%</b>	0.00%	<b>5.01%</b>	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>24.95 mths</b>	20.23 mths	<b>32.97 mths</b>	25.63 mths	<b>17.98 mths</b>	17.17 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G6-1 above.

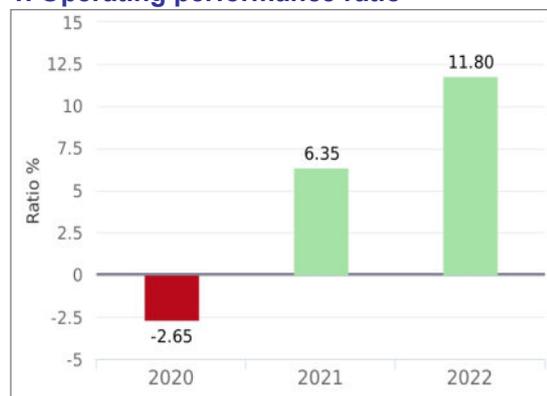
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

### H1-1 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 11.80%

Council has consolidated and improved its operating performance over the past 4 years and is now demonstrating performance significantly above benchmark.

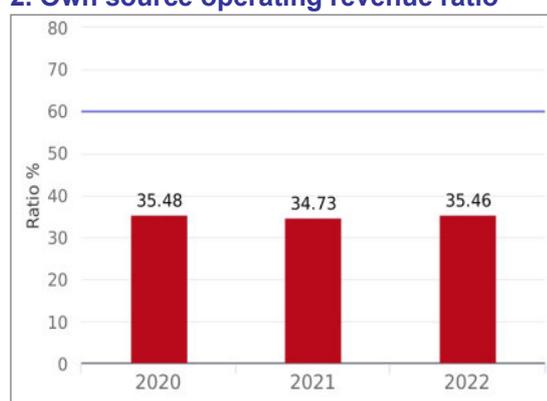
Benchmark: — > 0.00%

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 35.46%

Grant funding is a large contributor to Council's operations as it has limited capacity to generate additional revenue from other sources. While below benchmark, Council's position has been continually positioned around the 35% mark over the past 4 years.

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 7.15x

Council's unrestricted funds has been steadily increasing and Council is now in a position to extend works and services for the benefit of the community.

Benchmark: — > 1.50x

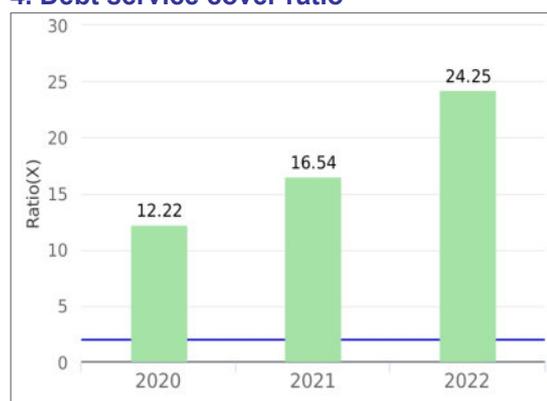
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 24.25x

The debt service cover ratio remains well above benchmark and continues to trend in a positive direction.

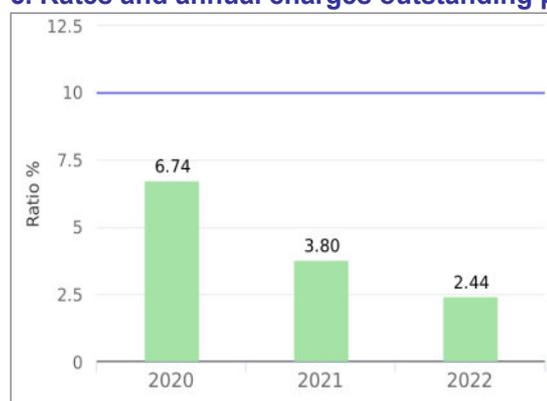
Benchmark: — > 2.00x

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ 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 2.44%

As a small community that has previously been hit hard by drought and lack of local services, the continued trend for improvement in the outstanding rates and charges position is an indicator of the focus Council has in keeping its outstanding debts in a manageable position.

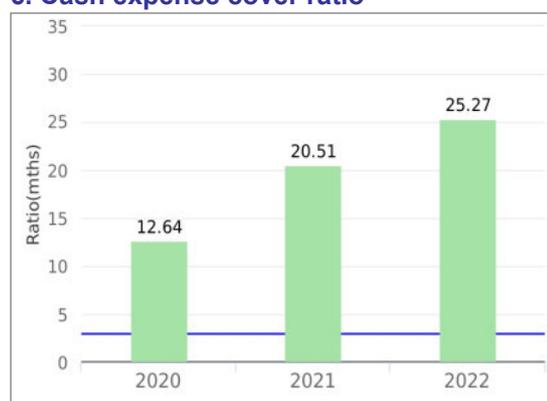
Benchmark: — < 10.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ 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 25.27 mths

The continued improvement in this ratio replicates the trend in other important indicators, demonstrating Council's commitment to deliver better services to its community.

Benchmark: — > 3.00mths

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

## H1-2 Segment reporting

## H1-2 Segment reporting (continued)

### Review and commentary on Council's financial result

### Review and commentary on Council's financial result

### Review and commentary on Council's financial position

### Review and commentary on Council's cash flows

### Key financial figures of Council over the past 5 years

	2022 \$ '000	2021 \$ '000	2020 \$ '000	2019 \$ '000	2018 \$ '000
<b>Inflows:</b>					
Rates and annual charges revenue	4,557	4,129	3,875	2,358	2,358
User charges revenue	2,191	1,980	2,297	2,076	2,076
Interest and investment revenue (losses)	119	74	153	161	161
Grants income – operating and capital	13,352	12,476	12,137	6,426	6,426
Total income from continuing operations	20,688	19,113	18,816	13,902	13,902
Sale proceeds from IPPE	43	–	40	225	1,931
New loan borrowings and advances	–	–	–	–	–
<b>Outflows:</b>					
Employee benefits and on-cost expenses	5,432	5,777	5,020	4,769	4,769
Borrowing costs	119	125	143	157	157
Materials and contracts expenses	3,608	2,814	4,437	3,323	3,323
Total expenses from continuing operations	15,194	14,675	15,246	13,170	13,170
Total cash purchases of IPPE	7,923	6,386	8,277	3,107	3,107
Total loan repayments (incl. finance leases)	190	257	265	257	257
Operating surplus/(deficit) (excl. capital income)	1,754	753	(487)	369	369
<b>Financial position figures</b>					
Current assets	25,145	20,586	14,357	10,092	10,092
Current liabilities	8,548	7,613	4,432	2,321	2,321
Net current assets	16,597	12,973	9,925	7,771	7,771
Available working capital (Unrestricted net current assets)	3,124	4,888	2,569	125	125
Cash and investments – unrestricted	2,651	4,297	1,453	1,133	1,133
Cash and investments – internal restrictions	11,618	6,287	6,446	5,363	5,363
Cash and investments – total	22,523	18,042	11,784	9,446	9,446
Total borrowings outstanding (loans, advances and finance leases)	1,846	2,036	2,293	2,806	2,806
Total value of IPPE (excl. land and earthworks)	287,997	242,898	235,913	216,289	216,289
Total accumulated depreciation	79,965	102,491	97,192	82,574	82,574
Indicative remaining useful life (as a % of GBV)	72%	58%	59%	62%	62%
<b>Source:</b> published audited financial statements of Council (current year and prior year)					

## H1-3 Council information and contact details

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**Principal place of business:**

70 Market street  
BALRANALD NSW 2715

**Contact details**

**Mailing Address:**

PO Box 120  
BALRANALD NSW 2715

**Opening hours:**

8:30am - 5:00pm  
Monday to Friday

**Telephone:** 03 5020 1300

**Facsimile:** 03 5020 1620

**Internet:** [www.balranald.nsw.gv.au](http://www.balranald.nsw.gv.au)

**Email:** [council@balranald.nsw.gv.au](mailto:council@balranald.nsw.gv.au)

**Officers**

**General Manager**

Mr Jeff Sowiak

**Administrator**

Mr Michael Colreavy

**Responsible Accounting Officer**

Mr Jeff Sowiak

**Public Officer**

TBA

**Auditors**

Auditor General of NSW  
Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney  
NSW 2000

## Balranald Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2022

#### Independent Auditor's Reports:

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On the Financial Statements (Sect 417 [2])

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

## Balranald Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2022

#### Independent Auditor's Reports: (continued)

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On the Financial Statements (Sect 417 [3])

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

# Balranald Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

# Balranald Shire Council

## Special Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 20 September 2022.**

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Michael Colreavy  
**Administrator**  
20 September 2022

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Jeff Sowiak  
**General Manager**  
20 September 2022

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Jeff Sowiak  
**Acting Responsible Accounting Officer**  
20 September 2022

## Balranald Shire Council

## Income Statement of water supply business activity

for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
<b>Income from continuing operations</b>		
Access charges	807	742
User charges	762	728
Fees	7	7
Interest and investment income	19	13
Other income	71	81
<b>Total income from continuing operations</b>	<b>1,666</b>	<b>1,571</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	–	194
Borrowing costs	43	44
Materials and services	562	371
Depreciation, amortisation and impairment	287	278
Water purchase charges	23	21
<b>Total expenses from continuing operations</b>	<b>915</b>	<b>908</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>751</b>	<b>663</b>
Grants and contributions provided for capital purposes	–	77
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>751</b>	<b>740</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>751</b>	<b>740</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(188)	(172)
<b>Surplus (deficit) after tax</b>	<b>563</b>	<b>568</b>
<b>Plus accumulated surplus</b>	<b>5,301</b>	<b>4,561</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	188	172
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>6,052</b>	<b>5,301</b>
<b>Return on capital %</b>	<b>8.2%</b>	<b>6.7%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	563	568
Less: capital grants and contributions (excluding developer contributions)	–	(77)
<b>Surplus for dividend calculation purposes</b>	<b>563</b>	<b>491</b>
<b>Potential dividend calculated from surplus</b>	<b>282</b>	<b>246</b>

## Balranald Shire Council

## Income Statement of sewerage business activity

for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
<b>Income from continuing operations</b>		
Access charges	641	567
User charges	70	78
Liquid trade waste charges	–	2
Fees	3	2
Interest and investment income	8	6
Other income	26	24
<b>Total income from continuing operations</b>	<b>748</b>	<b>679</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	–	59
Materials and services	228	175
Depreciation, amortisation and impairment	180	171
<b>Total expenses from continuing operations</b>	<b>408</b>	<b>405</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>340</b>	<b>274</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>340</b>	<b>274</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>340</b>	<b>274</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(85)	(71)
<b>Surplus (deficit) after tax</b>	<b>255</b>	<b>203</b>
<b>Plus accumulated surplus</b>	<b>3,364</b>	<b>3,090</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	85	71
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>3,704</b>	<b>3,364</b>
<b>Return on capital %</b>	<b>3.6%</b>	<b>2.9%</b>
<b>Subsidy from Council</b>	<b>7</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	255	203
<b>Surplus for dividend calculation purposes</b>	<b>255</b>	<b>203</b>
<b>Potential dividend calculated from surplus</b>	<b>128</b>	<b>102</b>



## Balranald Shire Council

## Statement of Financial Position of water supply business activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,368	1,604
Investments	600	600
Receivables	296	312
<b>Total current assets</b>	<b>3,264</b>	<b>2,516</b>
<b>Non-current assets</b>		
Receivables	–	19
Infrastructure, property, plant and equipment	9,663	10,626
<b>Total non-current assets</b>	<b>9,663</b>	<b>10,645</b>
<b>Total assets</b>	<b>12,927</b>	<b>13,161</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	6	6
Payables	65	21
Borrowings	74	66
<b>Total current liabilities</b>	<b>145</b>	<b>93</b>
<b>Non-current liabilities</b>		
Borrowings	559	636
<b>Total non-current liabilities</b>	<b>559</b>	<b>636</b>
<b>Total liabilities</b>	<b>704</b>	<b>729</b>
<b>Net assets</b>	<b>12,223</b>	<b>12,432</b>
<b>EQUITY</b>		
Accumulated surplus	6,052	5,301
Revaluation reserves	6,171	7,131
<b>Total equity</b>	<b>12,223</b>	<b>12,432</b>

## Balranald Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	752	528
Investments	500	500
Receivables	60	66
<b>Total current assets</b>	<b>1,312</b>	<b>1,094</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	9,477	9,508
<b>Total non-current assets</b>	<b>9,477</b>	<b>9,508</b>
<b>Total assets</b>	<b>10,789</b>	<b>10,602</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	15	–
<b>Total current liabilities</b>	<b>15</b>	<b>–</b>
<b>Total liabilities</b>	<b>15</b>	<b>–</b>
<b>Net assets</b>	<b>10,774</b>	<b>10,602</b>
<b>EQUITY</b>		
Accumulated surplus	3,704	3,364
Revaluation reserves	7,070	7,238
<b>Total equity</b>	<b>10,774</b>	<b>10,602</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

Nil

#### Category 2

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

##### a. Balranald Shire Council combined water supplies

Comprising the whole of the operations and assets of the raw and filtered water supply systems, that services the towns of Balranald and Euston.

##### b. Balranald Shire Council sewerage service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment systems, that services the towns of Balranald and Euston.

### Taxation equivalent charges

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

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

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

## Note – Significant Accounting Policies (continued)

### Notional rate applied (%)

#### Corporate income tax rate – 25%

Land tax – the first \$755,000 of combined land values attracts 0%. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of 2.0% applies.

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

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

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a ‘dividend for taxation equivalent’, may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

### Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

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

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

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

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

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

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

The rate of return is calculated as follows:

## Note – Significant Accounting Policies (continued)

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

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

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

#### **(iii) Dividends**

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

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

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

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

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

## Balranald Shire Council

# Special Purpose Financial Statements

for the year ended 30 June 2022

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# Balranald Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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# Balranald Shire Council

## Special Schedules

for the year ended 30 June 2022

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## Balranald Shire Council

## Permissible income for general rates

	Notes	Calculation 2021/22 \$ '000	Calculation 2022/23 \$ '000
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	2,602	2,880
Plus or minus adjustments <sup>2</sup>	b	(12)	(4)
<b>Notional general income</b>	c = a + b	<b>2,590</b>	<b>2,876</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	10.00%	10.00%
Plus special variation amount	h = d x (c + g)	259	288
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>2,849</b>	<b>3,164</b>
Plus (or minus) last year's carry forward total	l	8	(6)
Less valuation objections claimed in the previous year	m	–	(18)
<b>Sub-total</b>	n = (l + m)	<b>8</b>	<b>(24)</b>
<b>Total permissible income</b>	o = k + n	<b>2,857</b>	<b>3,140</b>
Less notional general income yield	p	2,880	3,170
<b>Catch-up or (excess) result</b>	q = o – p	<b>(23)</b>	<b>(30)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	18	–
<b>Carry forward to next year <sup>5</sup></b>	t = q + r + s	<b>(5)</b>	<b>(30)</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

## Balranald Shire Council

## Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance <sup>a</sup> \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Buildings	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Buildings – non-specialised	–	–	–	–	25,674	42,414	0.0%	0.0%	0.0%	0.0%	100.0%
	Buildings – specialised	–	–	–	–	558	837	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>26,232</b>	<b>43,251</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>Other structures</b>	Other structures	–	–	–	–	3,177	3,654	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,177</b>	<b>3,654</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>Roads</b>	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	–	–	–	–	107,230	132,570	0.0%	0.0%	0.0%	0.0%	100.0%
	Unsealed roads	–	–	–	–	36,372	51,283	0.0%	0.0%	0.0%	0.0%	100.0%
	Bridges	–	–	–	–	1,373	2,531	0.0%	0.0%	0.0%	0.0%	100.0%
	Footpaths	–	–	–	–	1,284	1,889	0.0%	0.0%	0.0%	0.0%	100.0%
	Other road assets	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Kerb and channels	–	–	–	–	2,915	4,447	0.0%	0.0%	0.0%	0.0%	100.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>149,176</b>	<b>192,720</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>Water supply network</b>	Water supply network	–	–	–	–	8,959	17,027	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,959</b>	<b>17,027</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>Sewerage network</b>	Sewerage network	–	–	–	–	9,160	12,761	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,160</b>	<b>12,761</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	–	–	–	–	4,282	5,664	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,282</b>	<b>5,664</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>

# Balranald Shire Council

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

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance <sup>a</sup>	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Open space / recreational assets</b>	Swimming pools	–	–	–	–	1,504	1,885	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,504</b>	<b>1,885</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>Other infrastructure assets</b>	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>202,490</b>	<b>276,962</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>

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

### Infrastructure asset condition assessment 'key'

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

## Balranald Shire Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	4,275	89.06%	57.52%	74.74%	>= 100.00%
Depreciation, amortisation and impairment	4,800				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	-	0.00%	2.75%	2.78%	< 2.00%
Net carrying amount of infrastructure assets	202,547				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	-	∞	104.01%	124.43%	> 100.00%
Required asset maintenance	-				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	-	0.00%	2.61%	2.65%	
Gross replacement cost	276,962				

(\*) 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.

## Balranald Shire Council

## Report on infrastructure assets as at 30 June 2022

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>85.22%</b>	63.22%	<b>89.34%</b>	0.00%	<b>190.30%</b>	0.00%	>= 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>0.00%</b>	2.17%	<b>0.00%</b>	7.74%	<b>0.00%</b>	4.64%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	∞	118.83%	∞	70.46%	∞	63.51%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>0.00%</b>	1.48%	<b>0.00%</b>	11.30%	<b>0.00%</b>	8.09%	

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