

STRATHFIELD

2022

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Strathfield Municipal Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



Strathfield Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	71
On the Financial Statements (Sect 417 [3])	74

Overview

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

65 Homebush Rd
Strathfield NSW 2135

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.strathfield.nsw.gov.au.

Strathfield Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

The overall change for the year 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.

Strathfield Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

Statement by Councillors and Management made pursuant to Section 413 (2c) 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 04 October 2022.



Matthew Blackmore
Mayor
04 October 2022



Karen Pensabene
Deputy Mayor
04 October 2022



Michael Mamo
General Manager
04 October 2022



Francis B Mangru
Chief Financial Officer
04 October 2022

Strathfield Municipal Council

Income Statement

for the year ended 30 June 2022

<i>Original unaudited budget</i>				<i>Actual</i>	<i>Actual</i>
2022	\$ '000		Notes	2022	2021
		Income from continuing operations			
33,097		Rates and annual charges	B2-1	32,870	31,796
4,879		User charges and fees	B2-2	3,192	4,337
3,032		Other revenues	B2-3	3,940	2,749
2,639		Grants and contributions provided for operating purposes	B2-4	3,412	2,738
23,197		Grants and contributions provided for capital purposes	B2-4	7,488	5,199
389		Interest and investment income	B2-5	414	291
–		Other income	B2-6	1,007	929
67,233		Total income from continuing operations		52,323	48,039
		Expenses from continuing operations			
20,578		Employee benefits and on-costs	B3-1	20,691	21,218
16,913		Materials and services	B3-2	16,989	15,366
8,957		Depreciation and amortisation	B3-3	9,768	8,936
1,031		Other expenses	B3-4	982	1,044
340		Net loss from the disposal of assets	B4-1	2,141	1,799
47,819		Total expenses from continuing operations		50,571	48,363
19,414		Operating result from continuing operations		1,752	(324)
19,414		Net operating result attributable to Council		1,752	(324)
(3,783)		Net operating result for the year before grants and contributions provided for capital purposes		(5,736)	(5,523)

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

Strathfield Municipal Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		1,752	(324)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	37,342	1,798
Total items which will not be reclassified subsequently to the operating result		37,342	1,798
Total other comprehensive income for the year		37,342	1,798
Total comprehensive income for the year attributable to Council		39,094	1,474

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

Strathfield Municipal Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	6,680	13,346
Investments	C1-2	15,000	27,000
Receivables	C1-4	4,346	3,248
Inventories	C1-5	91	74
Other	C1-7	488	325
Total current assets		26,605	43,993
Non-current assets			
Investments	C1-2	22,000	–
Receivables	C1-4	692	645
Infrastructure, property, plant and equipment (IPPE)	C1-6	514,356	476,480
Total non-current assets		537,048	477,125
Total assets		563,653	521,118
LIABILITIES			
Current liabilities			
Payables	C3-1	15,611	14,424
Contract liabilities	C3-2	7,724	5,116
Employee benefit provisions	C3-4	4,604	4,948
Total current liabilities		27,939	24,488
Non-current liabilities			
Employee benefit provisions	C3-4	216	226
Total non-current liabilities		216	226
Total liabilities		28,155	24,714
Net assets		535,498	496,404
EQUITY			
Accumulated surplus	C4-1	214,918	213,166
IPPE revaluation reserve	C4-1	320,580	283,238
Council equity interest		535,498	496,404
Total equity		535,498	496,404

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

Strathfield Municipal Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		213,166	283,238	496,404	213,490	281,440	494,930
opening balance		213,166	283,238	496,404	213,490	281,440	494,930
Net operating result for the year		1,752	–	1,752	(324)	–	(324)
net operating result for the period		1,752	–	1,752	(324)	–	(324)
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	37,342	37,342	–	1,798	1,798
Other comprehensive income		–	37,342	37,342	–	1,798	1,798
Total comprehensive income		1,752	37,342	39,094	(324)	1,798	1,474
Closing balance at 30 June		214,918	320,580	535,498	213,166	283,238	496,404

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

Strathfield Municipal Council

Statement of Cash Flows

for the year ended 30 June 2022

<i>Original unaudited budget 2022</i>	<i>\$ '000</i>	Notes	<i>Actual 2022</i>	<i>Actual 2021</i>
Cash flows from operating activities				
Receipts:				
33,067	Rates and annual charges		33,260	31,149
4,892	User charges and fees		2,693	3,230
320	Interest received		273	332
25,606	Grants and contributions		13,527	12,836
3,131	Bonds, deposits and retentions received		1,175	1,216
–	Other		4,181	5,516
Payments:				
(20,569)	Payments to employees		(21,729)	(19,795)
(6,405)	Payments for materials and services		(17,138)	(15,712)
(11,254)	Other		(344)	(1,142)
28,788	Net cash flows from operating activities	G1-1	15,898	17,630
Cash flows from investing activities				
Receipts:				
32,000	Sale of investments		–	27,000
635	Proceeds from sale of IPPE		494	434
Payments:				
(34,000)	Purchase of investments		–	(27,000)
–	Acquisition of term deposits		(10,000)	4,000
(15,085)	Payments for IPPE		(13,058)	(14,453)
(16,450)	Net cash flows from investing activities		(22,564)	(10,019)
12,338	Net change in cash and cash equivalents		(6,666)	7,611
16,777	Cash and cash equivalents at beginning of year		13,346	5,735
29,115	Cash and cash equivalents at end of year	C1-1	6,680	13,346
33,000	plus: Investments on hand at end of year	C1-2	37,000	27,000
62,115	Total cash, cash equivalents and investments		43,680	40,346

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

Strathfield Municipal Council

Contents for the notes to the Financial Statements for the year ended 30 June 2022

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	15
B1 Functions or activities	15
B1-1 Functions or activities – income, expenses and assets	15
B1-2 Components of functions or activities	16
B2 Sources of income	17
B2-1 Rates and annual charges	17
B2-2 User charges and fees	18
B2-3 Other revenues	19
B2-4 Grants and contributions	20
B2-5 Interest and investment income	23
B2-6 Other income	23
B3 Costs of providing services	24
B3-1 Employee benefits and on-costs	24
B3-2 Materials and services	25
B3-3 Depreciation, amortisation and impairment of non-financial assets	26
B3-4 Other expenses	27
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	31
C1 Assets we manage	31
C1-1 Cash and cash equivalents	31
C1-2 Financial investments	31
C1-3 Restricted and allocated cash, cash equivalents and investments	33
C1-4 Receivables	34
C1-5 Inventories	36
C1-6 Infrastructure, property, plant and equipment	37
C1-7 Other	39
C2 Leasing activities	41
C2-1 Council as a lessee	41
C2-2 Council as a lessor	42
C3 Liabilities of Council	43
C3-1 Payables	43
C3-2 Contract Liabilities	44
C3-3 Borrowings	44
C3-4 Employee benefit provisions	45
C4 Reserves	46
C4-1 Nature and purpose of reserves	46

Strathfield Municipal Council

Contents for the notes to the Financial Statements for the year ended 30 June 2022

D Risks and accounting uncertainties	47
D1-1 Risks relating to financial instruments held	47
D2-1 Fair value measurement	50
D3-1 Contingencies	55
E People and relationships	58
E1 Related party disclosures	58
E1-1 Key management personnel (KMP)	58
E1-2 Councillor and Mayoral fees and associated expenses	59
E2 Other relationships	60
E2-1 Audit fees	60
F Other matters	61
F1-1 Statement of Cash Flows information	61
F2-1 Commitments	62
F3-1 Events occurring after the reporting date	63
F4 Changes from prior year statements	n/a
F4-1 Changes in accounting policy	n/a
F4-2 Correction of errors	n/a
F4-3 Changes in accounting estimates	n/a
F5 Statement of developer contributions as at 30 June 2022	64
F5-1 Summary of developer contributions	64
F5-2 Developer contributions by plan	65
F5-3 Contributions not under plans	66
F6 Statement of performance measures	67
F6-1 Statement of performance measures – consolidated results	67
G Additional Council disclosures (unaudited)	68
G1-1 Statement of performance measures – consolidated results (graphs)	68
G1-2 Council information and contact details	70

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 04 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, 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.

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6.
- (ii) employee benefit provisions – refer Note C3-4.

COVID 19 impacts

Covid-19 has caused some disruption to the Council's business practices with indoor staff working from home and outdoor staff operating from multiple locations. Strathfield Council was declared an area of concern and there were lockdowns impacting operations till October 2021.

Council has incurred additional cleaning costs for its administration and community facilities. The Council has also lost some revenue due to no or reduced community access to these facilities in line with the Public Health Orders (PHO).

Rates and other collections are consistent with the comparative year and the overall financial impact has not been significant. In line with the State government legislation, the Council has had to defer the collection outstanding rates and associated interest charges.

Council is of the view that physical non-current assets will not experience substantial decline in value due to the pandemic. The fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated change in value. For assets where the fair value is determined by reference to market values, Council has no evidence of material changes to these values.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

(i) Impairment of receivables

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

Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 Revenue from Contracts with Customers and / or AASB 1058 Income of Not-for-Profit Entities – refer to Notes B2-2 – B2-4.

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.

Council's consolidated fund is the General Fund. The Consolidated Fund has been included in the financial statements of the Council.

The Trust Fund

Council does not hold any monies in the Trust Fund.

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

Strathfield Council has various opportunities for volunteers to be involved in projects ranging from teaching computers for seniors, reading buddies to assisting with other community projects or events. Strathfield Council defines volunteering as;

- To benefit the community and the volunteer
- To be done by the volunteer without coercion
- With no financial gain
- For designated volunteer positions

As a result, no attempt has been made to recognise the value of these services in the income statement because it cannot be reliably estimated.

The volunteer program aims to provide volunteers with a level of engagement that involves the residents in our community and enhances social, cultural and environmental outcomes. Volunteering with Council will;

- Benefit the community and the volunteer
- Enhance your skills to help others
- Gain Work Experience
- Learn new skills
- Meet new people
- Promotes human rights and equality
- Have a sense of purpose

Community events have a unique ability to bring people together. There are a variety of roles available at Strathfield Events to suit people of all abilities and experience levels, such as:

- Cooks River Fun Run (June)
- Strathfield Spring Festival (September)
- Strathfield Christmas Carols (December)

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods (and which have not been early adopted by Council).

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

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

New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for 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.

\$ '000	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Functions or activities										
Governance	–	–	738	320	(738)	(320)	–	–	15	15
Administration	2,010	487	16,470	4,207	(14,460)	(3,720)	–	–	23,914	41,522
Public Order and Safety	1,969	2,428	2,276	1,200	(307)	1,228	212	180	331	327
Health	121	19	20	–	101	19	–	–	–	–
Environment	13,473	14,006	13,197	13,316	276	690	217	415	46,406	47,100
Community Services and Education	256	1,235	475	3,924	(219)	(2,689)	256	1,156	5,589	4,787
Housing and Community Amenities	2,604	659	2,522	1,068	82	(409)	1,366	–	5,359	5,136
Recreation and Culture	4,093	2,923	6,131	12,248	(2,038)	(9,325)	2,604	506	147,683	133,391
Mining, Manufacturing and Construction	–	796	–	2,148	–	(1,352)	–	–	–	23,531
Transport and Communication	6,080	2,554	8,742	9,932	(2,662)	(7,378)	5,000	1,610	281,975	266,783
General Purpose Income	21,717	22,932	–	–	21,717	22,932	1,245	4,070	52,379	–
Other	–	–	–	–	–	–	–	–	–	(1,474)
Total functions and activities	52,323	48,039	50,571	48,363	1,752	(324)	10,900	7,937	563,651	521,118

B1-2 Components of functions or activities

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

Governance

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

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.

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.

General Purpose Income

Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	13,851	13,260
Business	5,780	5,392
Other	–	1
Less: pensioner rebates (mandatory)	(87)	(87)
Less: pensioner rebates (Council policy)	(95)	(91)
Less: rates levied on council properties	(58)	(55)
Rates levied to ratepayers	19,391	18,420
Pensioner rate subsidies received	97	78
Total ordinary rates	19,488	18,498
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	12,981	12,865
Stormwater management services	308	314
Section 611 charges	140	179
Less: pensioner rebates (mandatory)	(54)	(57)
Less: pensioner rebates (Council policy)	(54)	(55)
Annual charges levied	13,321	13,246
Pensioner subsidies received:		
– Domestic waste management	61	52
Total annual charges	13,382	13,298
Total rates and annual charges	32,870	31,796

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	2022	2021
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Domestic waste management services	48	30
Waste management services (non-domestic)	25	59
Total specific user charges	73	89
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	1,079	662
Registration fees	–	1
Section 10.7 certificates (EP&A Act)	119	133
Section 603 certificates	92	89
Health act	156	142
Total fees and charges – statutory/regulatory	1,446	1,027
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Credit card service fee	46	43
Library and art gallery	6	7
Park rents	556	616
Festivals and events	6	1
Restoration charges	–	2
Hoarding income	312	167
Hudson park golf course and driving range	170	1,705
Other property rentals	59	55
Parking fees	46	61
Privately funded works and anchor work permits	–	63
Road opening permits	4	4
Work zone parking and standing plant permits	335	303
Residential Parking Scheme	2	2
Public halls	84	153
Other	3	6
Road closure	44	33
Total fees and charges – other	1,673	3,221
Total other user charges and fees	3,119	4,248
Total user charges and fees	3,192	4,337

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

\$ '000	2022	2021
Ex gratia rates	179	173
Fines – parking	1,690	2,102
Legal fees recovery – rates and charges (extra charges)	48	1
Commissions and agency fees	1	1
Diesel rebate	34	40
Community bus sponsorship	1	2
Insurance claims recoveries	108	164
Sale of abandoned vehicles	21	17
Insurance incentives/rebates	153	66
Other	69	40
Other corporate income	1,550	52
Recycling income (non-domestic)	85	91
Utilities reimbursements	1	–
Total other revenue	3,940	2,749

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	531	499	–	–
Financial assistance – local roads component	161	155	–	–
Payment in advance - future year allocation				
Financial assistance – general component	815	534	–	–
Financial assistance – local roads component	249	166	–	–
Amount recognised as income during current year	1,756	1,354	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Previously specific grants:				
Pensioners' rates subsidies:				
– Other	104	5	–	–
Community care	256	13	–	–
Community centres	–	–	453	1,143
Environmental programs	320	394	5	–
Library	127	193	220	–
Other – waste	84	189	–	–
Road safety	41	51	–	–
Recreation and culture	545	–	2,410	315
Street lighting	–	134	–	–
Transport (other roads and bridges funding)	–	–	2,068	724
Planning	80	–	–	–
Transport (roads to recovery)	–	182	186	–
Other specific grants	–	12	–	–
Previously contributions:				
Transport for NSW contributions (regional roads, block grant)	82	192	–	–
Total special purpose grants and non-developer contributions – cash	1,639	1,365	5,342	2,182
Total special purpose grants and non-developer contributions (tied)	1,639	1,365	5,342	2,182
Total grants and non-developer contributions	3,395	2,719	5,342	2,182
Comprising:				
– Commonwealth funding	1,756	1,355	1,317	182
– State funding	1,639	1,026	4,025	2,000
– Other funding	–	338	–	–
	3,395	2,719	5,342	2,182

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	F5				
Cash contributions					
S 7.11 – contributions towards amenities/services		17	19	917	1,649
S 7.12 – fixed development consent levies		–	–	1,229	1,368
Total developer contributions – cash		17	19	2,146	3,017
Total developer contributions		17	19	2,146	3,017
Total contributions		17	19	2,146	3,017
Total grants and contributions		3,412	2,738	7,488	5,199

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	<i>Operating</i> 2022	<i>Operating</i> 2021	<i>Capital</i> 2022	<i>Capital</i> 2021
Unspent grants and contributions				
Unspent funds at 1 July	–	101	–	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,408	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(101)	–	–
Unspent funds at 30 June	1,408	–	–	–
Contributions				
Unspent funds at 1 July	–	–	9,621	12,352
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	2,190	3,091
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(1,897)	(4,470)
Unspent contributions at 30 June	–	–	9,914	10,973

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 completion of milestone reports. 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.

Developer contributions

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

B2-4 Grants and contributions (continued)

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	83	56
– Cash and investments	331	235
Total interest and investment income (losses)	414	291
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	55	56
General Council cash and investments	331	179
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	28	56
Total interest and investment income	414	291

Accounting policy

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

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

B2-6 Other income

\$ '000	Notes	2022	2021
Rental income			
Other lease income			
Room/Facility Hire		732	426
Leaseback fees - council vehicles		275	270
Other		–	233
Total other lease income		1,007	929
Total rental income	C2-2	1,007	929
Total other income		1,007	929

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	14,880	16,633
Employee termination costs (where material – other than vested leave paid)	532	365
Travel expenses	4	1
Employee leave entitlements (ELE)	2,610	3,204
Superannuation	1,825	1,921
Workers' compensation insurance	1,413	1,416
Fringe benefit tax (FBT)	2	84
Training costs (other than salaries and wages)	204	267
Other	162	146
Total employee costs	21,632	24,037
Less: capitalised costs	(941)	(2,819)
Total employee costs expensed	20,691	21,218
Number of 'full-time equivalent' employees (FTE) at year end	211	227

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 D3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		5,978	5,332
Contractor and consultancy costs		704	818
– Street and gutter cleaning		954	710
Audit Fees	E2-1	207	203
Infringement notice contract costs (SEINS)		205	262
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	E1-2	199	200
Advertising		54	70
Bank charges		52	64
Cleaning		503	442
Electricity, heating and water		416	317
Insurance		995	930
Office expenses (including computer expenses)		170	112
Postage		145	147
Printing and stationery		89	111
Street lighting		534	454
Subscriptions, memberships and publications		239	222
Telephone and communications		500	385
Other expenses		113	94
Security		36	35
Waste disposal – tipping fees		3,968	3,509
Legal expenses:			
– Legal expenses: planning and development		862	906
– Legal expenses: debt recovery		53	2
Expenses from short-term leases		13	41
Total materials and services		16,989	15,366
Total materials and services		16,989	15,366

Accounting policy

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

B3-3 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		1,268	1,285
Office equipment		1,135	894
Land improvements (depreciable)		175	125
Infrastructure:	C1-6		
– Buildings – non-specialised		105	101
– Buildings – specialised		598	546
– Roads		2,822	2,274
– Bridges		129	122
– Footpaths		568	524
– Stormwater drainage		865	766
– Other open space/recreational assets		1,839	2,041
Other assets:			
– Library books		118	117
– Other		146	141
Total gross depreciation and amortisation costs		9,768	8,936
Total depreciation and amortisation costs		9,768	8,936
Total depreciation, amortisation and impairment for non-financial assets		9,768	8,936

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because 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.

Other 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

B3-4 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other		(2)	(8)
Total impairment of receivables	C1-4	(2)	(8)
Other			
Contributions/levies to other levels of government			
– Department of planning levy		98	95
– Emergency services levy (includes FRNSW, SES, and RFS levies)		69	87
– NSW fire brigade levy		768	817
Donations, contributions and assistance to other organisations (Section 356)		49	53
Total other		984	1,052
Total other expenses		982	1,044

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		494	434
Less: carrying amount of plant and equipment assets sold/written off		(167)	(205)
Gain (or loss) on disposal		327	229
Gain (or loss) on disposal of infrastructure			
	C1-6		
Less: carrying amount of road assets sold/written off ^a		(1,645)	(1,568)
Less: carrying amount of footpath assets sold/written off ^b		(809)	(460)
Less: carrying amount of building assets sold/written off		–	–
Less: carrying amount of open space assets sold/written off		–	–
Less: carrying amount of work in progress assets sold/written off		–	–
Less: carrying amount of stormwater assets sold/write off		(14)	–
Gain (or loss) on disposal		(2,468)	(2,028)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		–	27,000
Less: carrying amount of investments sold/redeemed/matured		–	(27,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets ⁴		(2,141)	(1,799)

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.

- (4) Net losses from disposal of assets relate to plant and equipment, roads (surface and base) and footpath assets replaced as part of the capital program.
- (a) This includes road surface, road base and kerbs & gutters that were replaced through capital works undertaken during the financial year. The carrying amounts stated is replaced by the new asset value in Council's asset register. The works included Section 7.11, Local Area Traffic Management (LATM), kerbs and gutters replacement program, RMS block grant and stimulus funding. Council budgeted \$0.45 million in disposal of road asset.
- (b) This includes footpaths that were replaced through capital works undertaken during the financial year. The carrying amounts stated is replaced by the new asset value in Council's asset register. There was no budget for this.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 06/04/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Rates and annual charges	33,097	32,870	(227)	(1)% U
User charges and fees	4,879	3,192	(1,687)	(35)% U
Major negative variance of user fees & charges is due to closure of Hudson Park Golf Course driving range for upgrading.				
Other revenues	3,032	3,940	908	30% F
Other revenue is greater than budgeted as a result of Council receiving payment from TfNSW for sale of Ismay reserve air space rights.				
Operating grants and contributions	2,639	3,412	773	29% F
The budget variation was due to early receipt for the 2022/23 Financial Assistance Grant and Council applied successfully and received few Grants includes				
<ul style="list-style-type: none"> • The Festival of Place- Open Street • Covid-19 Pandemic support funding • Community Hearts and Minds program 				
Capital grants and contributions	23,197	7,488	(15,709)	(68)% U
The budget variation was due to lower than expected development activities.				
Interest and investment revenue	389	414	25	6% F
Other income	-	1,007	1,007	∞ F
Rental income was previously reported in user charges and fees.				
Expenses				
Employee benefits and on-costs	20,578	20,691	(113)	(1)% U
Materials and services	16,913	16,989	(76)	0% U
Depreciation, amortisation and impairment of non-financial assets	8,957	9,768	(811)	(9)% U
Other expenses	1,031	982	49	5% F
Net losses from disposal of assets	340	2,141	(1,801)	(530)% U
The major variance is the movement in residual value of infrastructure assets and fleet assets sold.				

Statement of cash flows

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Cash flows from operating activities	28,788	15,898	(12,890)	(45)% U
The budget variation was due to lower than budgeted revenue including receipt of grants and contributions.				
Cash flows from investing activities	(16,450)	(22,564)	(6,114)	37% U
The budget variation was due to lower than expected purchases of investment.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	424	235
Cash equivalent assets		
– Deposits at call	6,256	13,111
Total cash and cash equivalents	6,680	13,346

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	6,680	13,346
Balance as per the Statement of Cash Flows	6,680	13,346

Accounting policy

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

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Term deposits	15,000	22,000	27,000	–
Total	15,000	22,000	27,000	–
Total financial investments	15,000	22,000	27,000	–
Total cash assets, cash equivalents and investments	21,680	22,000	40,346	–

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)

Amortised cost

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

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

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

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	43,680	40,346
Less: Externally restricted cash, cash equivalents and investments	<u>(22,582)</u>	<u>(19,432)</u>
Cash, cash equivalents and investments not subject to external restrictions	21,098	20,914

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended grants – general fund	<u>7,525</u>	4,898
External restrictions – included in liabilities	7,525	4,898

External restrictions – other

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

Developer contributions – general	11,266	10,972
Stormwater management	595	731
Domestic waste management	<u>3,196</u>	<u>2,831</u>
External restrictions – other	15,057	14,534
Total external restrictions	22,582	19,432

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

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

(b) Internal allocations

Internal allocations

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

Plant and vehicle replacement	1,130	1,130
Employees leave entitlement	1,285	1,285
Carry over works	38	38
Deposits, retentions and bonds	11,395	10,220
Adshel (bus shelters)	270	270
Election	30	260
Future major expenditure	2,053	927
Parkscape improvements	29	29
Risk management	195	195
Technology	134	165
Financial Assistance Grant - paid in advance	<u>815</u>	<u>700</u>
Total internal allocations	17,374	15,219

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

C1-4 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	689	692	980	645
Interest and extra charges	143	–	99	–
User charges and fees	1,833	–	1,356	–
Accrued revenues				
– Interest on investments	119	–	22	–
– Other income accruals	940	–	265	–
Net GST receivable	560	–	470	–
Other debtors	91	–	88	–
Total	4,375	692	3,280	645
Less: provision for impairment				
User charges and fees	(29)	–	(32)	–
Total provision for impairment – receivables	(29)	–	(32)	–
Total net receivables	4,346	692	3,248	645

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	32	40
+ new provisions recognised during the year	5	26
– amounts already provided for and written off this year	(8)	(34)
Balance at the end of the year	29	32

Accounting policy

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

Impairment

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

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

When considering the ECL for rates receivables, 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 receivables, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

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

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

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

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

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

C1-4 Receivables (continued)

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

Rates and annual charges outstanding are secured against the property.

COVID 19

Council's rates and user charges collections in the current financial year have not been significantly impacted by the pandemic.

C1-5 Inventories

<i>\$ '000</i>	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	91	-	74	-
Total inventories at cost	91	-	74	-
Total inventories	91	-	74	-

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 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers (WIP to Exp)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	2,798	–	2,798	3,502	1,845	–	–	(1,501)	–	–	–	6,644	–	6,644
Plant and equipment	9,649	(5,474)	4,175	825	–	–	(1,268)	–	(167)	–	–	9,536	(5,971)	3,565
Office equipment	9,576	(3,875)	5,701	561	108	–	(1,135)	21	–	–	–	10,267	(5,010)	5,257
Land:														
– Crown land	5,220	–	5,220	–	–	–	–	–	–	–	730	5,950	–	5,950
– Operational land	69,175	–	69,175	–	–	–	–	–	(1,214)	–	3,845	71,806	–	71,806
– Community land	39,165	–	39,165	–	–	–	–	–	1,214	–	1,361	41,740	–	41,740
Land improvements – depreciable	4,567	(536)	4,031	–	–	–	(175)	–	–	–	–	4,567	(711)	3,856
Infrastructure:														
– Buildings – non-specialised	9,534	(2,877)	6,657	112	–	–	(105)	276	–	(175)	–	9,901	(3,136)	6,765
– Buildings – specialised	52,861	(16,594)	36,267	206	974	–	(598)	33	–	–	3,437	58,716	(18,397)	40,319
– Roads	183,413	(40,338)	143,075	2,714	92	(1,645)	(2,822)	44	–	–	11,930	195,617	(42,229)	153,388
– Bridges	13,503	(4,292)	9,211	–	–	–	(129)	–	–	–	678	14,181	(4,421)	9,760
– Footpaths	40,142	(9,080)	31,062	1,540	–	(810)	(568)	564	–	–	4,373	45,614	(9,453)	36,161
– Bulk earthworks (non-depreciable)	36,793	–	36,793	–	–	–	–	–	–	–	1,848	38,641	–	38,641
– Stormwater drainage	78,010	(35,857)	42,153	248	–	(14)	(865)	–	–	–	8,495	86,727	(36,710)	50,017
– Other open space/recreational assets	54,429	(14,231)	40,198	41	–	(3)	(1,839)	557	–	–	820	55,825	(16,051)	39,774
Other assets:														
– Library books	2,042	(1,709)	333	111	–	–	(118)	–	–	–	–	2,152	(1,827)	325
– Other	967	(501)	466	66	–	–	(146)	–	–	–	–	1,035	(647)	388
Total infrastructure, property, plant and equipment	611,844	(135,364)	476,480	9,926	3,019	(2,472)	(9,768)	(6)	(167)	(175)	37,517	658,919	(144,563)	514,356

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	1,331	–	1,331	–	2,586	–	–	(1,118)	–	2,798	–	2,798
Plant and equipment	8,771	(4,626)	4,145	1,520	–	(205)	(1,285)	–	–	9,649	(5,474)	4,175
Office equipment	7,433	(2,981)	4,452	174	1,941	–	(894)	28	–	9,576	(3,875)	5,701
Land:												
– Operational land	69,175	–	69,175	–	–	–	–	–	–	69,175	–	69,175
– Community land	39,165	–	39,165	–	–	–	–	–	–	39,165	–	39,165
– Crown land	5,220	–	5,220	–	–	–	–	–	–	5,220	–	5,220
Land improvements – depreciable	4,426	(411)	4,015	141	–	–	(125)	–	–	4,567	(536)	4,031
Infrastructure:												
– Buildings – non-specialised	9,398	(2,776)	6,622	118	–	–	(101)	18	–	9,534	(2,877)	6,657
– Buildings – specialised	49,910	(16,048)	33,862	382	1,497	–	(546)	1,072	–	52,861	(16,594)	36,267
– Roads	182,696	(38,520)	144,176	2,265	475	(1,568)	(2,274)	–	–	183,413	(40,338)	143,075
– Bridges	13,503	(4,170)	9,333	–	–	–	(122)	–	–	13,503	(4,292)	9,211
– Footpaths	39,187	(8,643)	30,544	1,501	–	(460)	(524)	–	–	40,142	(9,080)	31,062
– Bulk earthworks (non-depreciable)	36,793	–	36,793	–	–	–	–	–	–	36,793	–	36,793
– Stormwater drainage	77,856	(35,091)	42,765	3	152	–	(766)	–	–	78,010	(35,857)	42,153
– Other open space/recreational assets	49,796	(10,751)	39,045	486	909	–	(2,041)	–	1,798	54,429	(14,231)	40,198
Other assets:												
– Library books	1,923	(1,592)	331	–	118	–	(117)	–	–	2,042	(1,709)	333
– Other	855	(360)	495	–	112	–	(141)	–	–	967	(501)	466
Total infrastructure, property, plant and equipment	597,438	(125,969)	471,469	6,590	7,790	(2,233)	(8,936)	–	1,798	611,844	(135,364)	476,480

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

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

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

Useful lives of IPPE

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:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Open Space/Recreational	5 to 20
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	5		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: major structures	50 to 100
Other plant and equipment	5 to 15	Buildings: minor structures	20 to 40
Transportation assets		Stormwater assets	
Sealed roads: surface	35	Drains	80 to 100
Sealed roads: structure	100	Culverts	120
Unsealed roads	20	Flood control structures	80 to 100
Bridge: concrete	100 to 120		
Bridge: other	50 to 100	Other infrastructure assets	
Road pavements	200	Bulk earthworks	20
Kerb, gutter and footpaths	80 to 100	Swimming pools	50

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every five (5) 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 Planning, Industry and Environment – Water.

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Crown reserves

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

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

C1-7 Other

C1-7 Other (continued)

Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	488	-	325	-
Total other assets	488	-	325	-

Current other assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months. No assets expected to be settled outside next 12 months.

C2 Leasing activities

C2-1 Council as a lessee

Office and IT equipment

Leases for office and IT equipment are generally for the threshold for low value assets, except for significant items such as photocopiers. The lease is for 3 years with no renewal option, the payments are fixed, however variable payments based on usage are applicable if usage exceeds a threshold.

(a) Income Statement

\$ '000	2022	2021
Expenses relating to short-term leases	13	41
	13	41

(b) Statement of Cash Flows

Total cash outflow for leases	13	36
	13	36

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

Council has a licence over land at St Anne's Reserve, 30 Therry Street West, South Strathfield with Sydney Water at significantly below market value which surrounds Sydney Water infrastructure to which they have easements to guarantee access to underground pipes.

Council does not believe that the licence is material from a statement of financial position or performance perspective.

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

\$ '000	2022	2021
Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	867	668
1–2 years	653	402
2–3 years	630	401
3–4 years	562	400
4–5 years	497	375
> 5 years	2,018	2,135
Total undiscounted lease payments to be received	5,227	4,381

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Payables				
Goods and services – operating expenditure	1,289	–	1,421	–
Goods and services – capital expenditure	967	–	1,088	–
Accrued expenses:				
– Salaries and wages	331	–	1,015	–
– Other expenditure accruals	870	–	–	–
Security bonds, deposits and retentions	11,395	–	10,220	–
Government departments and agencies	278	–	–	–
Prepaid rates	481	–	335	–
Other	–	–	345	–
Total payables	15,611	–	14,424	–
Total payables	15,611	–	14,424	–

Council does not use Payables relating to restricted assets.

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

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	11,395	9,198
Total payables	11,395	9,198

C3-1 Payables (continued)

Accounting policy

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

The financial liabilities of the Council comprise trade payables.

Payables

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

C3-2 Contract Liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:				
Unexpended capital grants (received prior to performance obligation being satisfied) ¹	7,525	–	4,898	–
Total grants received in advance	7,525	–	4,898	–
User fees and charges received in advance:				
Other ²	199	–	218	–
Total user fees and charges received in advance	199	–	218	–
Total contract liabilities	7,724	–	5,116	–

(1) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing. Accounting Standard (AASB 1058) that requires any unspent capital grants, with a specific performance obligation, to be taken out of the Income Statement and recognise as a 'Contract Liability' in the Balance Sheet. 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. The Council had received \$8.9M in various capital grants in 2021/22 which were not spent by 30 June 2022 and therefore, have been transferred to the Balance Sheet as a liability.

(2) This includes fees received in advance for development applications that were not determined as at 30 June 2022.

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

Financing arrangements

\$ '000	2022	2021
Total facilities		
Credit cards/purchase cards	70	35
Total financing arrangements	70	35
Undrawn facilities		
– Credit cards/purchase cards	70	15
Total undrawn financing arrangements	70	15

C3-4 Employee benefit provisions

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Annual leave	1,772	–	1,887	–
Sick leave	18	–	20	–
Long service leave	2,181	216	2,288	226
ELE on-costs	633	–	753	–
Total employee benefit provisions	4,604	216	4,948	226

Council does not use Employee benefit provisions relating to restricted assets.

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,587	2,995
	2,587	2,995

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

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.

C4 Reserves

C4-1 Nature and purpose of reserves

Revaluation reserve

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

D Risks and accounting uncertainties

D1-1 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.

\$ '000	<i>Carrying value</i> 2022	<i>Carrying value</i> 2021	<i>Fair value</i> 2022	<i>Fair value</i> 2021
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	6,680	13,346	6,680	13,346
Receivables (excluding GST receivable)	4,478	3,423	4,478	3,422
Investments				
– Debt securities at amortised cost	37,000	27,000	37,000	27,000
Total financial assets	48,158	43,769	48,158	43,768
Financial liabilities				
Payables	15,130	14,089	15,130	14,089
Total financial liabilities	15,130	14,089	15,130	14,089

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Possible impact of a 0.25% movement in interest rates	109	100

(b) Credit risk

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

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

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

There are no significant concentrations of credit risk, other than Council has significant credit risk exposures in its local area given the nature of the business.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors. Other than the receivable relating to the bank guarantee, there are no material receivables that have been subjected to a re-negotiation of repayment terms.

D1-1 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.

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2022				
Gross carrying amount	–	1,381	–	1,381
2021				
Gross carrying amount	–	1,619	6	1,625

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	1,618	374	76	15	1,603	3,686
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	1.80%	0.78%
ECL provision	–	–	–	–	58	58
2021						
Gross carrying amount	23	1,571	131	125	450	2,300
Expected loss rate (%)	0.00%	0.00%	0.00%	25.60%	0.00%	1.39%
ECL provision	–	–	–	64	–	64

D1-1 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 C3-1 for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	<i>Weighted average interest rate</i>	<i>Subject to no maturity</i>	<i>payable in:</i>			<i>Total cash outflows</i>	<i>Actual carrying values</i>
			<i>≤ 1 Year</i>	<i>1 - 5 Years</i>	<i>> 5 Years</i>		
2022							
Payables	0.00%	11,395	3,826	-	-	15,221	15,611
Total financial liabilities		11,395	3,826	-	-	15,221	15,611
2021							
Payables	0.00%	10,220	3,781	-	-	14,001	14,089
Total financial liabilities		10,220	3,781	-	-	14,001	14,089

D2-1 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	Date of latest valuation	Fair value measurement hierarchy					
			2022	2021	2022	2021	2022	2021
Recurring fair value measurements								
Infrastructure, property, plant and equipment C1-6								
Plant & Equipment		30/06/21	–	–	3,565	4,175	3,565	4,175
Office Equipment		30/06/21	–	–	5,257	5,701	5,257	5,701
Operational Land		30/06/22	70,060	69,175	–	–	70,060	69,175
Community Land		30/06/22	–	–	43,486	39,165	43,486	39,165
Crown Land		30/06/22	–	–	5,950	5,220	5,950	5,220
Land Improvements depreciable		30/06/21	–	–	3,856	4,031	3,856	4,031
Open Space/Recreational Assets		30/06/21	–	–	39,774	40,198	39,774	40,198
Buildings Non Specialised		30/06/22	6,765	6,657	–	–	6,765	6,657
Buildings Specialised		30/06/22	–	–	40,319	36,267	40,319	36,267
Roads		30/06/20	–	–	153,388	143,075	153,388	143,075
Bridges		30/06/20	–	–	9,760	9,211	9,760	9,211
Footpaths		30/06/20	–	–	36,161	31,062	36,161	31,062
Bulk Earthworks (non depreciable)		30/06/20	–	–	38,641	36,793	38,641	36,793
Stormwater Drainage		30/06/20	–	–	50,017	42,153	50,017	42,153
Library Books		30/06/21	–	–	325	333	325	333
Other		30/06/21	–	–	388	466	388	466
Total infrastructure, property, plant and equipment			76,825	75,832	430,887	397,850	507,712	473,682

Non-recurring fair value measurements

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

The purchase cost of Plant & Equipment, Office Equipment and Furniture & Fittings are taken as their fair value. There has been no change to the valuation techniques during the reporting period.

Operational Land

D2-1 Fair value measurement (continued)

The valuation of Council's operational land was undertaken at 30 June 2022 by an external valuation.

Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price.

Since professional judgements were required to determine the inputs these assets were classified as having been valued using Level 2 valuation inputs. There has been no change to the valuation techniques during the reporting period.

Community Land

Council's community land was valued based on the Land Value (LV) provided by the an external valuation.

Where the Valuer-General did not provide LV an average unit rate based on the LV for similar community land was used, having regard to the highest and best use for the land. The valuation of community land was undertaken as at 30 June 2022.

Land Under Roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land Improvement - Depreciable

This asset class comprises land improvements such as gardens, streetscaping and landscaping. These assets are located on parks and reserves. Valuations were performed by external valuers based of the information supplied and professional judgement. There has been no change to the valuation process during the reporting period.

Park Assets

Assets within this class have been valued by an external valuer at fair value comprising of Regional Sporting and Recreational Facilities and Playgrounds, Park Furniture and Fittings, Tennis Courts and Shelters.

Recreational and Park Infrastructure (picnic tables, seats, bollards, fences, BBQ's, etc). Extensive professional judgement has been required to determine the final fair value of assets. Valuation of Council's Park Assets was undertaken as at 30 June 2021 by external valuer.

Buildings – Non Specialised and Specialised

Council's buildings were valued utilising the cost approach by an external valuer at 30 June 2022.

The approach estimated the replacement cost of each building and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence and other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

As such, these assets have been valued using Level 2 and 3 inputs. There has been no change to the valuation techniques during the reporting period.

Roads

Roads include bulk earthworks, carriageway, roadside shoulders and road-side assets such as bus shelters, roundabouts, signs and street furniture. The cost approach using level 3 inputs was used to value this asset class. A revaluation was undertaken as at 30 June 2020 in-house based on tenderers cost and assumptions from Council's civil design staff. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

There has been no change to the valuation process during the reporting period. This was done as as a fair value assessment by external valuer and the Council applied the indices at 30 June 2022.

Bridges

Bridges were valued under the cost approach using Level 3 inputs. A revaluation was undertaken as at 30 June 2020 in-house based on tenderers costs and assumptions from Council's civil design staff. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this class of asset.

There has been no change to the valuation process during the reporting period. This was done as as a fair value assessment by external valuer and the Council applied the indices at 30 June 2022.

D2-1 Fair value measurement (continued)

Footpaths and Kerb & Gutter

Footpaths and Kerb & Gutter are segmented to match the adjacent road segment where possible. Footpaths and Kerb & Gutter were originally mapped and the condition assessed based on physical inspection. Condition information is updated as changes in the network are observed through regular inspections.

Footpaths and Kerb & Gutter were valued under the cost approach using Level 3 inputs. A revaluation was undertaken as at 30 June 2020 in-house based on tenderers cost per square metre or lineal metre and assumptions from Council's civil design staff. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

There has been no change to the valuation process during the reporting period. This was done as a fair value assessment by external valuer and the Council applied the indices at 30 June 2022.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and other water quality devices. The "cost approach" estimates the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres or certain diameter pipes and prices per pit or similar could be supported from extensive professional judgement and market evidence.

A revaluation was undertaken as at 30 June 2020 in-house based on tenderers costs and assumptions by Council's civil design staff, and there has been no change to the valuation process during the reporting period. This was done as a fair value assessment by external valuer and the Council applied the indices at 30 June 2022.

Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amounts of these assets are assumed to approximate fair value due to the nature of the items. There has been no change to the valuation process during the reporting period.

Other Assets

The cost approach is used to value other assets which relate to miscellaneous assets of lower value. Council views these assets against quoted prices for the gross current replacement cost of similar assets and taking account of the pattern of consumption, estimated remaining useful life and residual value. There has been no change to the valuation process during the reporting period.

D2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	<i>Plant and equipment</i>		<i>Community and Crown Land</i>		<i>Land improvements depreciable</i>		<i>Specialised buildings</i>	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	9,876	8,597	44,385	44,385	4,031	4,015	36,267	33,862
Total gains or losses for the period								
Other movements								
Purchases (GBV)	1,515	3,663	–	–	–	141	1,213	2,951
Disposals (WDV)	(166)	(205)	–	–	–	–	–	–
Depreciation and impairment	(2,403)	(2,179)	–	–	(175)	(125)	(598)	(546)
Other movement - Revaluation	–	–	2,091	–	–	–	3,437	–
Other movement - Transfers	–	–	1,214	–	–	–	–	–
Closing balance	8,822	9,876	47,690	44,385	3,856	4,031	40,319	36,267

\$ '000	<i>Roads</i>		<i>Bridges</i>		<i>Footpaths</i>		<i>Bulk earthworks (non-depreciable)</i>	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	143,074	144,176	9,211	9,333	31,061	30,544	36,793	36,793
Total gains or losses for the period								
Other movements								
Purchases (GBV)	2,850	2,740	–	–	2,104	1,501	–	–
Disposals (WDV)	(1,644)	(1,568)	–	–	(810)	(460)	–	–
Depreciation and impairment	(2,822)	(2,274)	(129)	(122)	(568)	(524)	–	–
Other movement - Revaluation	11,930	–	678	–	4,374	–	1,848	–
Closing balance	153,388	143,074	9,760	9,211	36,161	31,061	38,641	36,793

D2-1 Fair value measurement (continued)

\$ '000	<i>Stormwater drainage</i>		<i>Other assets</i>		<i>Open space/recreational and other</i>		<i>Total</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Opening balance	42,154	42,765	799	827	40,198	39,046	397,849	394,343
Purchases (GBV)	248	155	177	230	41	1,395	8,148	12,776
Disposals (WDV)	(14)	–	–	–	(3)	–	(2,637)	(2,233)
Depreciation and impairment	(865)	(766)	(264)	(258)	(1,839)	(2,041)	(9,663)	(8,835)
Other movement - Revaluation	8,494	–	–	–	820	1,798	33,672	1,798
Other movement - Transfers	–	–	–	–	557	–	1,771	–
Closing balance	50,017	42,154	712	799	39,774	40,198	429,140	397,849

Highest and best use

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

D3-1 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 per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. 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 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.

D3-1 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 \$161,872.41. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The past service contributions of \$40M per annum until 31 December 2021 followed by \$20M per annum thereafter remain in place and will continue to be reviewed on an annual basis or as required. The funding requirements for the defined benefit schemes are assessed by the Trustee on an annual basis with the outcome of each annual funding update communicated in the new year.

The amount of past service contributions included in the total employer contribution advised above is \$64,462.56. Council's expected contribution to the plan for the next annual reporting period is \$145,695.96.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.32%

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 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.

D3-1 Contingencies (continued)

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

(iii) Costs order

Costs Order | Aussie Skips Recycling Pty Ltd v Strathfield Municipal Council [2020] NSWLEC 22 (**88K Proceedings**). The Court ordered that the Plaintiffs pay the Defendant's costs. Council, as the plaintiff in these proceedings, may reasonably expect to receive \$250,000 per the Costs Order as against the Plaintiffs in the Proceedings.

The 88K Proceedings were appealed to the NSW Supreme Court of Appeal (**NSWCA Proceedings**). Ultimately, the appeal in the NSWCA Proceedings was unsuccessful and their Honours Basten, Gleeson and Preston made the orders that the appellants pay the respondent's costs. Council, as the respondent in these proceedings, may reasonably expect to receive \$50,000 per the Costs Order as against the Plaintiffs in the Proceedings.

On 25 June 2019, Council and Aussie Skips entered into a heads of agreement reflecting the mediated agreement between the parties in Land and Environment Court Case Number 2018/328340 (**Class 4 Proceedings**).

Based on the further developments in the Class 4 Proceedings, it appears that it is likely to be resolved per the heads of agreement. Council may reasonably expect to receive, on a conservative basis, \$405,000 per the mediation agreement in the Class 4 Proceedings.

The amounts that the Council may expect to receive in the 88k Proceedings, NSWCA Proceedings and Class 4 Proceedings, will be the subject of an agreement or costs assessment.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	1,924	1,407
Post-employment benefits	180	113
Other long-term benefits	40	53
Total	2,144	1,573

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed. There are no other transactions between the Council and the KMP's and their related parties.

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	41	44
Councillors' fees	138	142
Other Councillors' expenses (including Mayor)	20	14
Total	199	200

E2 Other relationships

E2-1 Audit fees

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

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

119	90
119	90

Remuneration for audit and other assurance services

Total Auditor-General remuneration

119	90
------------	-----------

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Internal audit

88	113
88	113

Remuneration for audit and other assurance services

Total remuneration of non NSW Auditor-General audit firms

88	113
-----------	------------

Total audit fees

207	203
------------	------------

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	1,752	(324)
Add / (less) non-cash items:		
Depreciation and amortisation	9,768	8,936
(Gain) / loss on disposal of assets	2,141	1,799
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,142)	326
Increase / (decrease) in provision for impairment of receivables	(3)	(8)
(Increase) / decrease of inventories	(17)	10
(Increase) / decrease of other current assets	(163)	(80)
Increase / (decrease) in payables	(132)	(356)
Increase / (decrease) in other accrued expenses payable	186	575
Increase / (decrease) in other liabilities	1,254	1,569
Increase / (decrease) in contract liabilities	2,608	4,690
Increase / (decrease) in employee benefit provision	(354)	493
Net cash flows from operating activities	15,898	17,630

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	381	–
Plant and equipment	710	–
Land Improvements	–	–
Infrastructure assets	1,644	970
Other	63	–
Road infrastructure	1,058	–
Total commitments	3,856	970
These expenditures are payable as follows:		
Within the next year	3,856	970
Total payable	3,856	970

Details of capital commitments

Council has committed to development of the Hudson District Park, roads & local area traffic management work, completion of building work, street tree forest project and purchase of council vehicles.

F3-1 Events occurring after the reporting date

No events were reported to be occurring after the reporting date.

F5 Statement of developer contributions as at 30 June 2022

F5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Parking	417	–	–	1	–	–	418	–
Community facilities	(727)	140	–	–	(322)	–	(909)	–
Roads and traffic facilities	2,272	28	–	2	(1,510)	–	792	–
Major open space	(2,166)	548	–	–	–	–	(1,618)	–
Local open space	3,475	201	–	7	–	–	3,683	–
Administration	303	17	–	1	–	–	321	–
S7.11 contributions – under a plan	3,574	934	–	11	(1,832)	–	2,687	–
S7.12 levies – under a plan	6,525	1,229	–	16	(65)	–	7,705	–
Total S7.11 and S7.12 revenue under plans	10,099	2,163	–	27	(1,897)	–	10,392	–
S7.11 not under plans	873	–	–	1	–	–	874	–
Total contributions	10,972	2,163	–	28	(1,897)	–	11,266	–

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

F5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN 2010 – DIRECT								
Community facilities	(727)	140	–	–	(322)	–	(909)	–
Administration	303	17	–	1	–	–	321	–
Roads and traffic facilities	1,437	28	–	2	(1,510)	–	(43)	–
Major open space	(2,175)	548	–	–	–	–	(1,627)	–
Local open space	3,475	201	–	7	–	–	3,683	–
Total	2,313	934	–	10	(1,832)	–	1,425	–
CONTRIBUTION PLAN 1993								
Parking	417	–	–	1	–	–	418	–
Roads and traffic facilities	835	–	–	–	–	–	835	–
Major open space	9	–	–	–	–	–	9	–
Total	1,261	–	–	1	–	–	1,262	–
S7.12 Levies – under a plan								
INDIRECT DEVELOPMENT CONTRIBUTIONS PLAN – 2010								
General levy	6,525	1,229	–	16	(65)	–	7,705	–
Total	6,525	1,229	–	16	(65)	–	7,705	–

F5-3 Contributions not under plans

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTIONS – NOT UNDER A PLAN								
Parking	873	-	-	1	-	-	874	-
Total	873	-	-	1	-	-	874	-

F6 Statement of performance measures

F6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021	Indicators 2020	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(3,597)	(8.02)%	(8.71)%	(0.36)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	44,835				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	41,423	79.17%	83.48%	76.71%	> 60.00%
Total continuing operating revenue ¹	52,323				
3. Unrestricted current ratio					
Current assets less all external restrictions	19,080	2.97x	3.32x	3.64x	> 1.50x
Current liabilities less specific purpose liabilities	6,432				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6,171	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	–				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,524	4.39%	5.08%	3.37%	< 5.00%
Rates and annual charges collectable	34,725				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	43,680	13.37	13.21	12.80	> 3.00
Monthly payments from cash flow of operating and financing activities	3,268	months	months	months	months

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

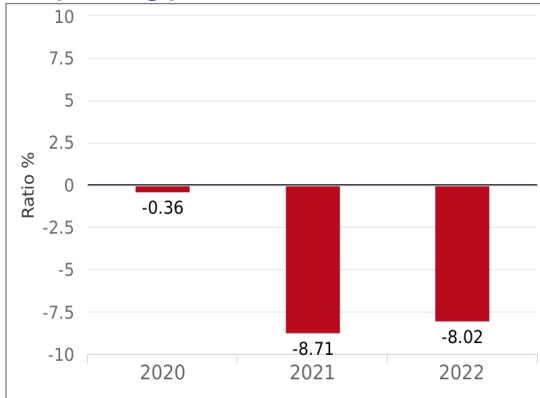
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 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 (8.02)%

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions). The benchmark set by OLG is greater than zero per cent. The Council fell below the OLG benchmark for the current reporting period. This has been mainly due to the recognition of \$9.076m unspent grants as contract liability, reduced capital contributions from Section 7.11 & 12 and increases in depreciation costs and loss on disposal of assets

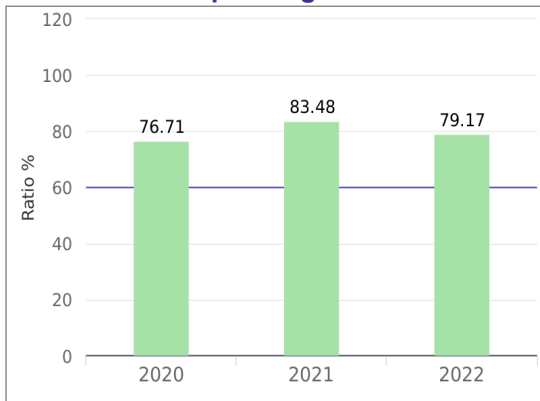
Benchmark: — > 0.00%

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 79.17%

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

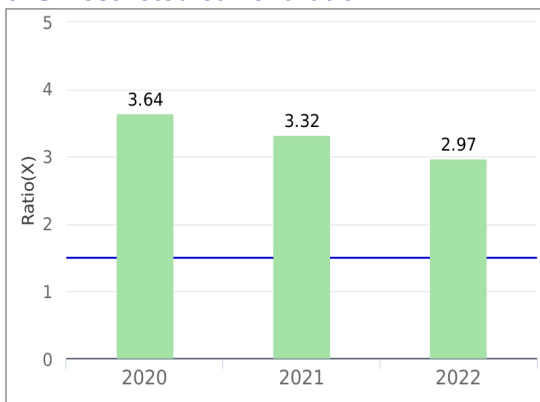
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 2.97x

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

Benchmark: — > 1.50x

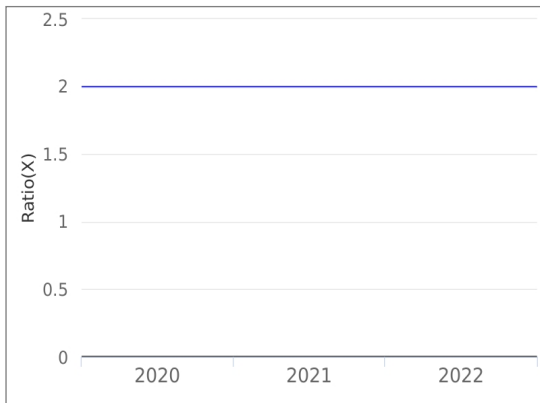
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 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 ∞

Council has no debt (borrowing) for 2021/22.

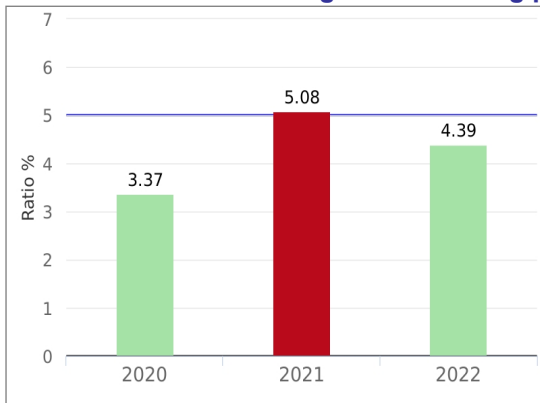
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 4.39%

The Council rates and annual charges outstanding ratio was within the OLG benchmark of 5%.

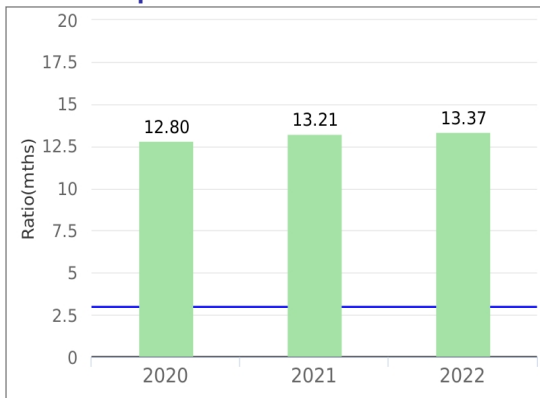
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 13.37 months

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

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Council information and contact details

Principal place of business:

65 Homebush Rd
Strathfield NSW 2135

Contact details

Mailing Address:

PO Box 120
Strathfield NSW 2135

Telephone: (02) 9748 9999

Facsimile: (02) 9764 1034

Opening hours:

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

Internet: www.strathfield.nsw.gov.au

Email: council@strathfield.nsw.gov.au

Officers

General Manager

Michael Mamo

Public Officer

Melissa Mallos

Auditors

Audit Office NSW
Level 19, Darling Park Tower 2,
201 Sussex Street, Sydney NSW 2000

Elected members Mayor

Matthew Blackmore

Councillors

Karen Pensabene (Deputy Mayor)

Benjamin Cai

Raj Datta

Nella Hall

Sharangan Maheswaran

Sandy Reddy

Other information

ABN: 52 719 940 263



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Strathfield Municipal Council

To the Councillors of the Strathfield Municipal Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:


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

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

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

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

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



Reiky Jiang
Delegate of the Auditor-General for New South Wales

31 January 2023
SYDNEY



Mr Matthew Blackmore
Mayor
Strathfield Municipal Council
PO Box 120
STRATHFIELD NSW 2135

Contact: Reiky Jiang
Phone no: 02 9275 7281
Our ref: D2222974/ 1789

31 January 2023

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Strathfield Municipal Council**

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

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

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

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	32.9	31.8	3.4
Grants and contributions revenue	10.9	7.9	38.0
Operating result from continuing operations	1.8	(0.3)	700

Net operating result
before capital grants and
contributions

(5.7)

(5.5)

3.6

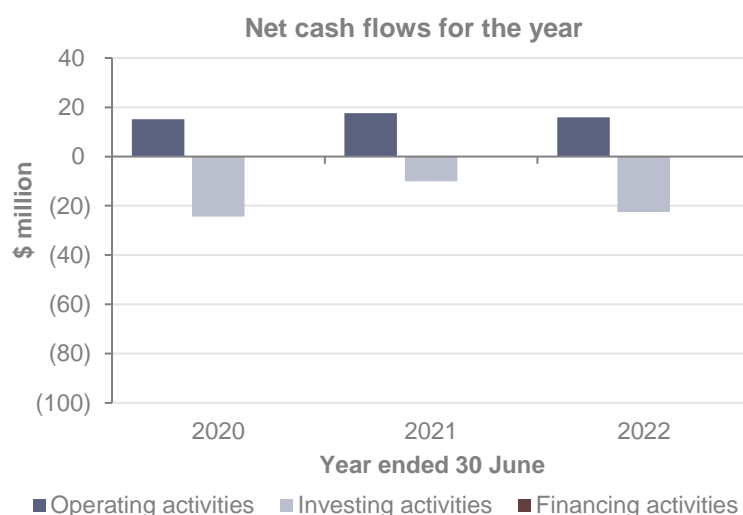
The Council's operating result from continuing operations (\$1.8 million including depreciation and amortisation expense of \$9.8 million) was \$2.1 million higher than the 2020–21 result. This is mainly attributed by:

- the increase in rates and annual charges revenue of \$1.1 million (or 3.4 per cent), which is mainly due to the allowable rating increase of 2.0 per cent set by IPART
- an increase in grants and contributions revenue of \$3.0 million (or 38.0 per cent), primarily due to more funding received for Recreation and Culture and Transport
- the increase in materials and services of \$1.6 million (or 10.6 per cent), due to higher demands for maintenance activities.

The net operating result before capital grants and contributions (\$5.7 million deficit) was \$0.2 million lower than the 2020–21 result, mainly due to the increase in capital grants and contributions in the current year.

STATEMENT OF CASH FLOWS

- Net cash provided by operating activities decreased by \$1.7 million from prior year. This is mainly due to higher payments incurred for materials and services and payments to employees.
- Net cash used in investing activities increased by \$12.5 million from 2020-21, primarily due to the acquisition of term deposits in current year.
- The Council does not have any cash flows from financing activities.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	43.7	40.3	<ul style="list-style-type: none"> • Externally restricted cash and investments increased by \$3.2 million, which was mainly due to \$2.6 million increase in specific purpose unexpended grants -general fund.
Restricted and allocated cash, cash equivalents and investments:			<ul style="list-style-type: none"> • Internal allocations increased by \$2.2 million from prior year, primarily due to the \$1.2 million increase in deposits, retentions and bonds, and \$1.1 million increase in the allocation for future major expenditure.
• External restrictions	22.6	19.4	
• Internal allocations	17.4	15.2	

PERFORMANCE

Performance measures

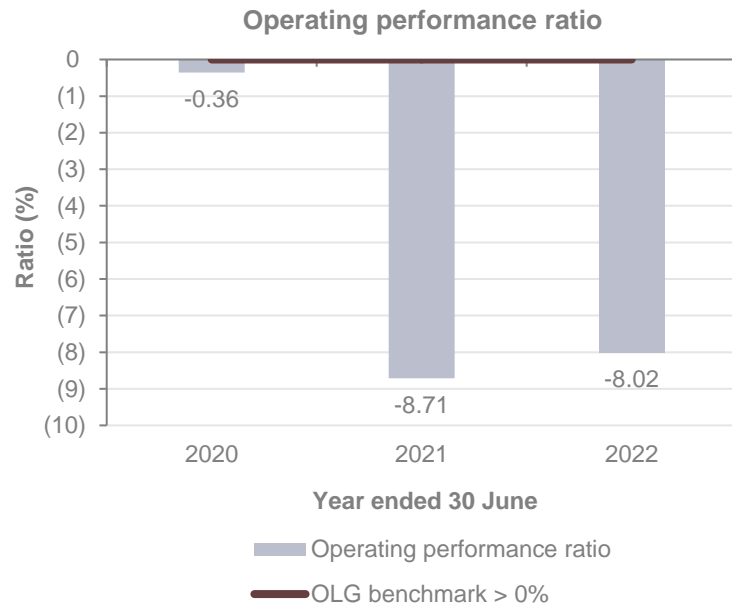
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The Council did not meet the OLG benchmark for the current reporting period. This was mainly due to the recognition of \$8.9 million unspent capital grants as contract liabilities.

The ratio has improved slightly from 2020-21 due to the increase in net operating result.

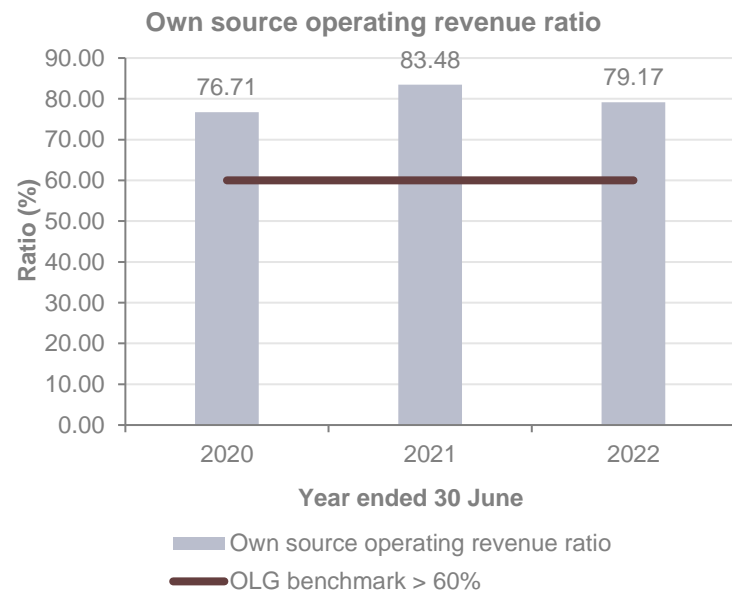
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

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

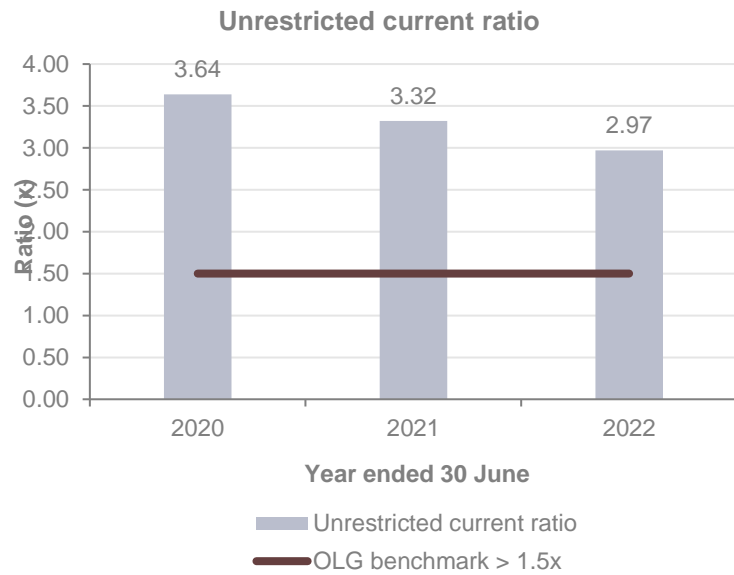


Unrestricted current ratio

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

The 2022 unrestricted current ratio is 2.97, which is lower than 2021 ratio of 3.32. This is mainly due to the reclassification of certain investments to non-current.

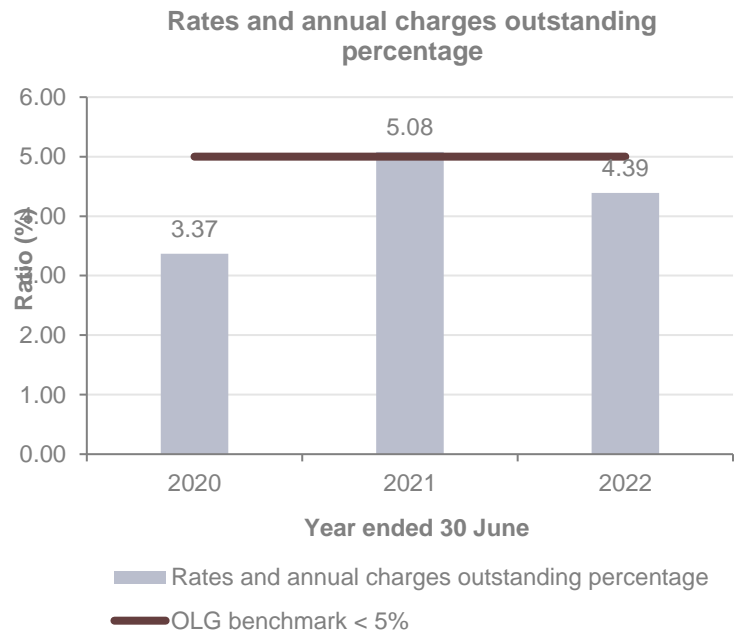
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Rates and annual charges outstanding percentage

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

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

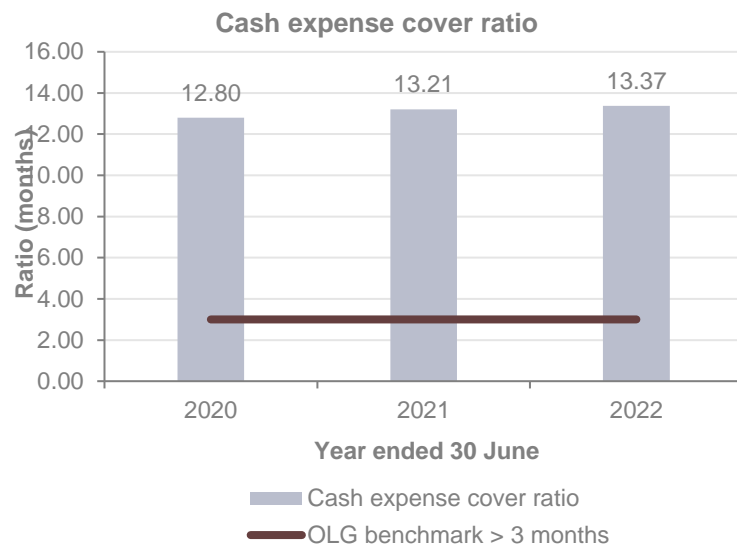


Cash expense cover ratio

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

The ratio indicates the Council holds enough cash to meet expenditure for the next 13.37 months without additional cash inflow.

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



Infrastructure, property, plant and equipment renewals

The Council's asset renewal expenditure in 2021-22 was \$9.9 million, an increase of \$3.3 million from 2020-21. This is mainly due to the additional capital work in progress of \$3.5 million spent on open space projects at Hudson Park, buildings at Strathfield Park and road construction in current year.

OTHER MATTERS

Legislative compliance

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

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

Reiky Jiang
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Strathfield Municipal Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Strathfield Municipal Council

Special Schedules

for the year ended 30 June 2022

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	7

Strathfield Municipal Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	18,750	19,596
Plus or minus adjustments ²	b	35	108
Notional general income	c = a + b	18,785	19,704
Permissible income calculation			
Or rate peg percentage	e	2.00%	1.10%
Or plus rate peg amount	i = e x (c + g)	376	217
Sub-total	k = (c + g + h + i + j)	19,161	19,921
Plus (or minus) last year's carry forward total	l	440	15
Less valuation objections claimed in the previous year	m	(24)	(33)
Sub-total	n = (l + m)	416	(18)
Total permissible income	o = k + n	19,577	19,903
Less notional general income yield	p	19,596	-
Catch-up or (excess) result	q = o - p	(20)	19,903
Plus income lost due to valuation objections claimed ⁴	r	33	-
Carry forward to next year ⁶	t = q + r + s	15	-

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)*.
- (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.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Strathfield Municipal Council

To the Councillors of the Strathfield Municipal Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Reiky Jiang'.

Reiky Jiang
Delegate of the Auditor-General for New South Wales

31 January 2023
SYDNEY

Strathfield Municipal Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	<i>Estimated cost</i>				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	<i>Assets in condition as a percentage of gross replacement cost</i>				
		<i>Estimated cost to bring assets to satisfactory standard</i> \$ '000	<i>to bring to the agreed level of service set by Council</i> \$ '000	<i>2021/22 Required maintenance</i> ^a \$ '000	<i>2021/22 Actual maintenance</i> \$ '000			1	2	3	4	5
Buildings	Buildings	1,856	4,030	514	459	47,084	68,616	28.7%	33.3%	30.6%	2.4%	5.1%
	Sub-total	1,856	4,030	514	459	47,084	68,616	28.7%	33.3%	30.6%	2.4%	5.1%
Roads	Sealed roads	5,645	36,381	204	290	99,559	127,455	10.1%	25.1%	34.6%	26.3%	3.9%
	Bridges	476	941	126	–	9,760	14,181	35.2%	51.0%	7.3%	6.5%	0.0%
	Footpaths	1,350	5,957	182	405	36,162	45,615	3.9%	31.1%	58.5%	6.6%	0.0%
	Bulk earthworks	–	–	–	–	38,640	38,640	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	1,967	3,962	99	183	39,200	49,364	1.8%	17.8%	71.6%	8.8%	0.0%
	Other	40	345	176	222	14,629	18,798	13.2%	63.6%	22.7%	0.5%	0.0%
	Sub-total	9,478	47,586	787	1,100	237,950	294,053	21.0%	25.2%	37.9%	14.2%	1.7%
Stormwater drainage	Stormwater Conduits	143	143	100	156	45,500	79,106	1.0%	17.0%	82.0%	0.0%	0.0%
	Stormwater Inlet & Junction Pits	–	–	61	–	4,517	7,623	0.0%	55.0%	45.0%	0.0%	0.0%
	Sub-total	143	143	161	156	50,017	86,729	0.9%	20.3%	78.7%	0.0%	0.0%
Open space / recreational assets	Open spaces/Recreational Assets	4,574	4,574	960	1,339	39,774	55,825	59.5%	15.7%	23.2%	1.6%	0.0%
	Sub-total	4,574	4,574	960	1,339	39,774	55,825	59.5%	15.7%	23.2%	1.6%	0.0%
Total – all assets		16,051	56,333	2,422	3,054	374,825	505,223	22.8%	24.4%	42.3%	8.8%	1.7%

(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

Strathfield Municipal Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	4,861	70.18%	114.65%	239.08%	>= 100.00%
Depreciation, amortisation and impairment	6,926				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	16,051	4.21%	0.39%	0.58%	< 2.00%
Net carrying amount of infrastructure assets	381,469				
Asset maintenance ratio					
Actual asset maintenance	3,054	126.09%	148.95%	81.12%	> 100.00%
Required asset maintenance	2,422				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	56,333	11.15%	0.29%	0.43%	
Gross replacement cost	505,223				

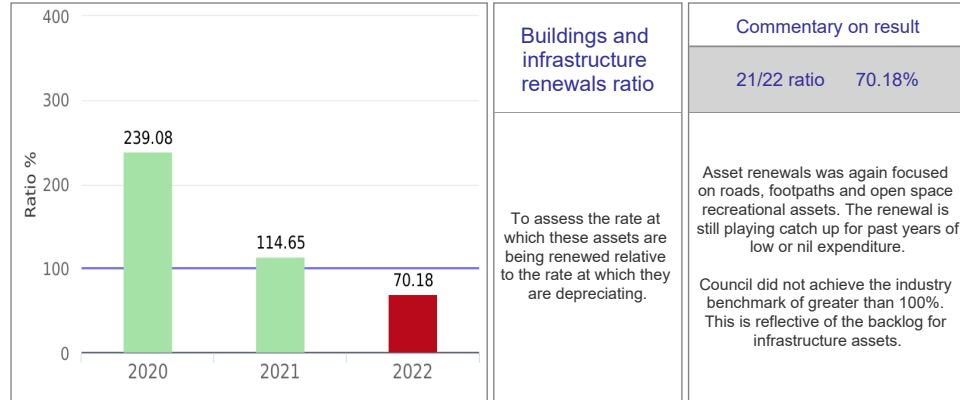
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Strathfield Municipal Council

Report on infrastructure assets as at 30 June 2022

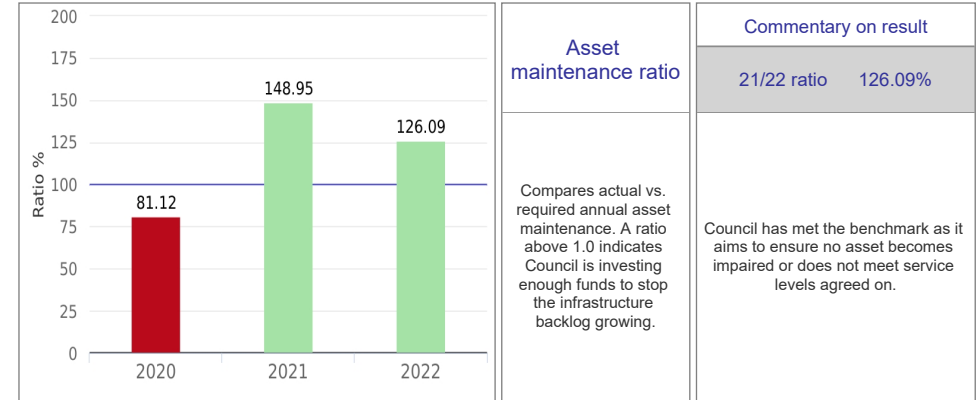
Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio
Commentary on result
21/22 ratio 70.18%
Asset renewals was again focused on roads, footpaths and open space recreational assets. The renewal is still playing catch up for past years of low or nil expenditure.
Council did not achieve the industry benchmark of greater than 100%. This is reflective of the backlog for infrastructure assets.

Benchmark: — $\geq 100.00\%$
 Source of benchmark: Code of Accounting Practice and Financial Reporting
■ Ratio achieves benchmark
■ Ratio is outside benchmark

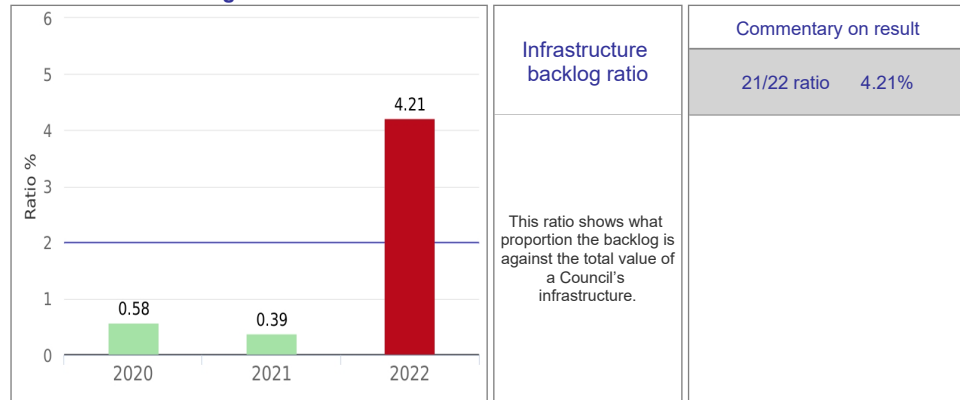
Asset maintenance ratio



Asset maintenance ratio
Commentary on result
21/22 ratio 126.09%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.
Council has met the benchmark as it aims to ensure no asset becomes impaired or does not meet service levels agreed on.

Benchmark: — $> 100.00\%$
 Source of benchmark: Code of Accounting Practice and Financial Reporting
■ Ratio achieves benchmark
■ Ratio is outside benchmark

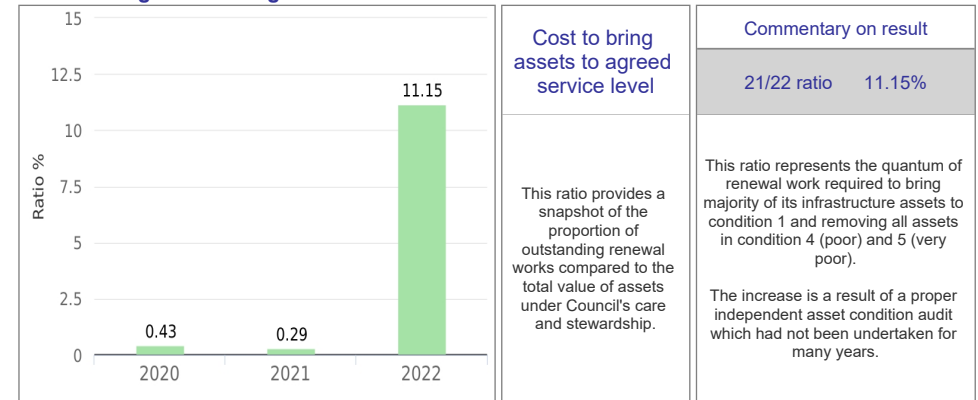
Infrastructure backlog ratio



Infrastructure backlog ratio
Commentary on result
21/22 ratio 4.21%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Benchmark: — $< 2.00\%$
 Source of benchmark: Code of Accounting Practice and Financial Reporting
■ Ratio achieves benchmark
■ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level
Commentary on result
21/22 ratio 11.15%
This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.
This ratio represents the quantum of renewal work required to bring majority of its infrastructure assets to condition 1 and removing all assets in condition 4 (poor) and 5 (very poor).
The increase is a result of a proper independent asset condition audit which had not been undertaken for many years.