



ANNEXURES

**Ordinary Council Meeting
Under Separate Cover
Wednesday, 14 December 2022**

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Coonamble Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



Coonamble Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Coonamble Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Coonamble Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Coonamble Shire 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 14 September 2022.



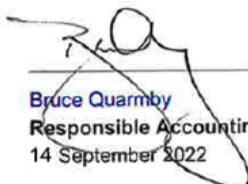
Tim Horan
Mayor
14 September 2022



Ross Earl
General Manager
14 September 2022



Karen Churchill
Councillor
14 September 2022



Bruce Quarmby
Responsible Accounting Officer
14 September 2022

Coonamble Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
	Income from continuing operations			
7,098	Rates and annual charges	B2-1	6,818	6,736
6,769	User charges and fees	B2-2	6,286	4,697
923	Other revenues	B2-3	787	1,034
8,005	Grants and contributions provided for operating purposes	B2-4	11,337	10,178
11,490	Grants and contributions provided for capital purposes	B2-4	1,643	2,961
162	Interest and investment income	B2-5	206	139
148	Other income	B2-6	80	106
120	Net gain from the disposal of assets	B4-1	2	15
34,715	Total income from continuing operations		27,159	25,866
	Expenses from continuing operations			
8,881	Employee benefits and on-costs	B3-1	8,078	8,210
6,683	Materials and services	B3-2	6,561	5,146
7	Borrowing costs	B3-3	9	2
6,965	Depreciation, amortisation and impairment of non-financial assets	B3-4	6,641	6,752
827	Other expenses	B3-5	819	1,062
23,363	Total expenses from continuing operations		22,108	21,172
11,352	Operating result from continuing operations		5,051	4,694
11,352	Net operating result for the year attributable to Council		5,051	4,694
(138)	Net operating result for the year before grants and contributions provided for capital purposes		3,408	1,733

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

Coonamble Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
Net operating result for the year – from Income Statement		5,051	4,694
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	15,155	297
Total items which will not be reclassified subsequently to the operating result		15,155	297
Total other comprehensive income for the year		15,155	297
Total comprehensive income for the year attributable to Council		20,206	4,991

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

Coonamble Shire Council

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	5,417	13,619
Investments	C1-2	28,250	13,250
Receivables	C1-4	7,071	5,245
Inventories	C1-5	941	981
Other		128	133
Total current assets		41,807	33,228
Non-current assets			
Receivables	C1-4	271	188
Infrastructure, property, plant and equipment (IPPE)	C1-6	315,490	300,986
Right of use assets	C2-1	102	33
Investments accounted for using the equity method	D2-2	75	70
Total non-current assets		315,938	301,277
Total assets		357,745	334,505
LIABILITIES			
Current liabilities			
Payables	C3-1	2,786	1,684
Income received in advance	C3-1	382	293
Contract liabilities	C3-2	3,384	1,168
Lease liabilities	C2-1	37	19
Borrowings	C3-3	44	50
Employee benefit provisions	C3-4	1,704	2,066
Total current liabilities		8,337	5,280
Non-current liabilities			
Lease liabilities	C2-1	66	14
Borrowings	C3-3	448	500
Employee benefit provisions	C3-4	93	116
Total non-current liabilities		607	630
Total liabilities		8,944	5,910
Net assets		348,801	328,595
EQUITY			
Accumulated surplus		189,154	184,103
IPPE revaluation reserve	C4-1	159,647	144,492
Council equity interest		348,801	328,595
Total equity		348,801	328,595

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

Coonamble Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

	2022			2021		
	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July	184,103	144,492	328,595	179,409	144,195	323,604
Restated opening balance	184,103	144,492	328,595	179,409	144,195	323,604
Net operating result for the year	5,051	-	5,051	4,694	-	4,694
Other comprehensive income						
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	15,155	15,155	-	297	297
Other comprehensive income	-	15,155	15,155	-	297	297
Total comprehensive income	5,051	15,155	20,206	4,694	297	4,991
Closing balance at 30 June	189,154	159,647	348,801	184,103	144,492	328,595

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

Coonamble Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
7,092	Rates and annual charges		6,649	6,793
5,730	User charges and fees		5,675	3,663
158	Interest received		198	122
19,430	Grants and contributions		14,363	12,617
–	Bonds, deposits and retentions received		12	97
2,025	Other		1,864	1,834
<i>Payments:</i>				
(8,880)	Payments to employees		(8,521)	(8,086)
(6,788)	Payments for materials and services		(7,272)	(6,628)
(7)	Borrowing costs		(9)	(2)
–	Bonds, deposits and retentions refunded		(57)	(14)
(786)	Other		(751)	(1,094)
17,974	Net cash flows from operating activities	G1-1	12,151	9,302
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		35,500	63,000
–	Sale of real estate assets		50	–
250	Proceeds from sale of IPPE		–	236
<i>Payments:</i>				
–	Purchase of investments		(50,500)	(63,250)
(18,773)	Payments for IPPE		(5,323)	(10,115)
(18,523)	Net cash flows from investing activities		(20,273)	(10,129)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	550
<i>Payments:</i>				
(52)	Repayment of borrowings		(58)	(41)
(18)	Principal component of lease payments		(22)	(18)
(70)	Net cash flows from financing activities		(80)	491
(619)	Net change in cash and cash equivalents		(8,202)	(336)
11,178	Cash and cash equivalents at beginning of year		13,619	13,955
10,559	Cash and cash equivalents at end of year	C1-1	5,417	13,619
12,750	plus: Investments on hand at end of year	C1-2	28,250	13,250
23,309	Total cash, cash equivalents and investments		33,667	26,869

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

Coonamble Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 14 September 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

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

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council has no material reliance on volunteer services and there is no financial impact on the financial statements as presented.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Functions or activities										
Administration	11,776	10,561	5,394	4,846	6,382	5,715	4,036	4,452	44,528	36,751
Public order and safety	625	981	927	1,158	(302)	(177)	206	406	3,457	3,487
Health	14	17	199	221	(185)	(204)	–	–	457	469
Environment	482	985	947	917	(465)	68	3	520	16,252	16,345
Community service and education	3	55	119	102	(116)	(47)	3	55	780	731
Housing and community amenities	224	316	558	547	(334)	(231)	39	112	6,789	6,440
Water supplies	1,507	1,456	1,469	1,308	38	148	120	–	21,935	21,948
Sewerage supplies	938	1,005	843	1,121	95	(116)	–	164	22,299	18,609
Recreation and culture	499	1,551	2,041	2,019	(1,542)	(468)	445	1,493	10,242	12,421
Mining, manufacturing and construction	2,227	1,503	2,101	1,750	126	(247)	–	–	8,965	7,603
Transport and Communication	8,048	6,356	6,381	6,532	1,667	(176)	7,756	5,248	217,616	207,053
Economic Affairs	816	1,080	1,129	651	(313)	429	372	689	4,425	2,648
Total functions and activities	27,159	25,866	22,108	21,172	5,051	4,694	12,980	13,139	357,745	334,505

B1-2 Components of functions or activities

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

Administration

includes Council's governance function, 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, animal control and other public order and safety

Health

includes administration and inspection costs for health services as well as provision of residential accommodation for medical professionals.

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 service and education

includes administration and education; aged and disabled services; youth services and programs; other community services

Housing and community amenities

includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation.

Water supplies

water services

Sewerage supplies

sewer services

Recreation and culture

includes public libraries; museums; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks and gardens; and other sporting, recreational and cultural services

Mining, manufacturing and construction

includes building control, quarries and pits and mineral resources

Transport and Communication

(urban local, urban regional); includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

Economic Affairs

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

B2 Sources of income

B2-1 Rates and annual charges

	2022 \$ '000	2021 \$ '000
Ordinary rates		
Residential	730	730
Farmland	4,051	4,037
Business	164	160
Less: pensioner rebates (mandatory)	(66)	(45)
Rates levied to ratepayers	4,879	4,882
Pensioner rate subsidies received	36	24
Total ordinary rates	4,915	4,906
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	393	471
Water supply services	731	665
Sewerage services	794	724
Less: pensioner rebates (mandatory)	(43)	(65)
Annual charges levied	1,875	1,795
Pensioner subsidies received:		
– Water	14	12
– Sewerage	13	10
– Domestic waste management	1	13
Total annual charges	1,903	1,830
Total rates and annual charges	6,818	6,736

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

Accounting policy

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

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

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

B2-2 User charges and fees

	Timing	2022 \$ '000	2021 \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	620	680
Sewerage services	2	123	118
Waste management services (non-domestic)	2	78	–
Total specific user charges		821	798
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	23	29
Building services – other	2	4	4
Planning and building regulation	2	1	1
Regulatory/ statutory fees	2	3	5
Registration fees	2	18	24
Section 10.7 certificates (EP&A Act)	2	17	17
Section 603 certificates	2	12	10
Town planning	2	27	30
Total fees and charges – statutory/regulatory		105	120
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Caravan park	2	28	25
Cemeteries	2	123	83
Park rents	2	1	1
Quarry revenues	2	2,204	1,474
Transport for NSW works (state roads not controlled by Council)	2	2,664	1,912
Saleyards	2	94	100
Swimming centres	2	23	25
Water connection fees	2	7	–
Private works	2	156	108
Recreational grounds fees	2	25	22
Other	2	35	29
Total fees and charges – other		5,360	3,779
Total other user charges and fees		5,465	3,899
Total user charges and fees		6,286	4,697
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		6,286	4,697
Total user charges and fees		6,286	4,697

Accounting policy

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

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

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

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

B2-3 Other revenues

	Timing	2022 \$ '000	2021 \$ '000
Legal fees recovery – rates and charges (extra charges)	1	55	3
Commissions and agency fees	2	108	110
Diesel rebate	1	94	87
Insurance claims recoveries	1	16	83
Sales of inventories	2	–	1
Sales – general	2	19	30
Energy rebate	2	–	39
Reimbursement – bushfire	2	401	549
Other	1	94	132
Total other revenue		787	1,034

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	258	305
Other revenue recognised at a point in time (2)	529	729
Total other revenue	787	1,034

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

		Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	1	2,357	2,150	–	–
Payment in advance - future year allocation					
Financial assistance	1	3,626	2,302	–	–
Amount recognised as income during current year		5,983	4,452	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Water supplies	1	120	–	–	–
Sewerage services	1	–	–	–	164
Tourism	1	–	400	41	272
Community care	1	33	56	–	8
Employment and training programs	2	2	1	–	–
Community centres	1	–	–	67	–
Economic development	1	118	62	–	–
Environmental programs	1	–	73	–	501
Floodplain management	2	3	19	–	–
Heritage and cultural	1	3	–	–	–
Library – per capita	2	73	74	–	–
Recreation and culture	1	117	75	136	393
Street lighting	2	39	39	–	–
Storm/flood damage	1	1,591	326	–	–
Transport (other roads and bridges funding)	1	498	454	859	225
Community Drought Program	1	127	724	–	–
Other specific grants	1	–	80	540	914
Transport (roads to recovery)	2	931	1,395	–	–
Previously contributions:					
Bushfire services	1	206	242	–	157
Transport for NSW contributions (regional roads, block grant)	2	1,493	1,706	–	327
Total special purpose grants and non-developer contributions – cash		5,354	5,726	1,643	2,961
Total special purpose grants and non-developer contributions (tied)		5,354	5,726	1,643	2,961
Total grants and non-developer contributions		11,337	10,178	1,643	2,961
Comprising:					
– Commonwealth funding		6,914	7,508	599	632
– State funding		4,423	2,670	1,044	2,172
– Other funding		–	–	–	157
		11,337	10,178	1,643	2,961

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

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B2-4 Grants and contributions (continued)

period but which are not yet spent in accordance with those conditions are as follows:

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	916	832	1,110	261
Add: Funds received and recognised as revenue in the current year	531	789	2,666	1,098
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(122)	(52)	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	(653)	(427)	(249)
Unspent funds at 30 June	1,325	916	3,349	1,110

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

	2022 \$ '000	2021 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	60	30
– Cash and investments	146	109
Total interest and investment income (losses)	206	139
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	26	13
General Council cash and investments	113	79
Restricted investments/funds – external:		
Water fund operations	31	20
Sewerage fund operations	30	24
Domestic waste management operations	6	3
Total interest and investment income	206	139

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

	Notes	2022 \$ '000	2021 \$ '000
Rental income			
Other lease income			
Residential Premises		23	41
Leaseback fees - council vehicles		14	18
Council Land - NEI		26	26
Aerodrome Lease Fees		12	12
Total other lease income		75	97
Total rental income	C2-2	75	97
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		5	9
Total net share of interests in joint ventures and associates using the equity method	D2-2	5	9
Total other income		80	106

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2022 \$ '000	2021 \$ '000
Salaries and wages	6,522	6,690
Employee leave entitlements (ELE)	550	635
Superannuation	633	685
Workers' compensation insurance	330	302
Fringe benefit tax (FBT)	19	26
Other	275	301
Total employee costs	8,329	8,639
Less: capitalised costs	(251)	(429)
Total employee costs expensed	8,078	8,210
Number of 'full-time equivalent' employees (FTE) at year end	81	86

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

	Notes	2022 \$ '000	2021 \$ '000
Raw materials and consumables		2,344	1,550
Contractor and consultancy costs			
– Building, electrical, plumbing		142	94
– External plant hire		485	307
– Planning		52	48
– Quarry		320	144
– Water Supply		77	2
– Waste management		349	286
– Aerodrome Grounds Maintenance		17	41
Contractor and consultancy costs – other		174	315
Audit Fees	F2-1	64	57
Advertising		131	116
Bank charges		19	17
Computer software charges		103	97
Councillor and Mayoral fees and associated expenses	F1-2	170	146
Electricity and heating		402	388
Election expenses		37	–
Fire control expenses		2	2
Insurance		465	406
Office expenses (including computer expenses)		59	54
Postage		25	23
Printing and stationery		38	39
Royalties		128	75
Street Cleaning		227	253
Street lighting		126	118
Subscriptions and publications		92	87
Telephone and communications		43	43
Training costs (other than salaries and wages)		110	122
Travel expenses		86	96
Valuation fees		22	22
Other expenses		91	100
Legal expenses:			
– Legal expenses: planning and development		16	1
– Legal expenses: other		145	97
Total materials and services		6,561	5,146
Total materials and services		6,561	5,146

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on leases		1	1
Interest on loans		8	1
Total interest bearing liability costs		9	2
Total interest bearing liability costs expensed		9	2
Total borrowing costs expensed		9	2

Accounting policy

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

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

	Notes	2022 \$ '000	2021 \$ '000
Depreciation and amortisation			
Plant and equipment		1,180	1,232
Office equipment		94	155
Land improvements (depreciable)		18	18
Infrastructure:			
	C1-6		
– Buildings – non-specialised		65	64
– Buildings – specialised		463	489
– Other structures		401	398
– Roads		3,314	3,295
– Bridges		155	155
– Footpaths		31	31
– Stormwater drainage		160	161
– Water supply network		412	400
– Sewerage network		325	336
Right of use assets	C2-1	23	18
Total gross depreciation and amortisation costs		6,641	6,752
Total depreciation and amortisation costs		6,641	6,752
Total depreciation, amortisation and impairment for non-financial assets		6,641	6,752

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C2-1 for right of use 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.

B3-5 Other expenses

	Notes	2022 \$ '000	2021 \$ '000
Impairment of receivables			
Other		–	6
Total impairment of receivables	C1-4	–	6
Other			
Contributions/levies to other levels of government		75	72
– Emergency services levy (includes FRNSW, SES, and RFS levies)		554	753
– Other contributions/levies		116	116
Donations, contributions and assistance to other organisations (Section 356)		74	115
Total other		819	1,056
Total other expenses		819	1,062

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2022 \$ '000	2021 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		–	179
Less: carrying amount of plant and equipment assets sold/written off		–	(147)
Gain (or loss) on disposal		–	32
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		–	57
Less: carrying amount of infrastructure assets sold/written off		(22)	(74)
Gain (or loss) on disposal		(22)	(17)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		50	–
Less: carrying amount of real estate assets sold/written off		(26)	–
Gain (or loss) on disposal		24	–
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		35,500	63,000
Less: carrying amount of investments sold/redeemed/matured		(35,500)	(63,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		2	15

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 16/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Rates and annual charges	7,098	6,818	(280)	(4)% U
User charges and fees	6,769	6,286	(483)	(7)% U
Other revenues	923	787	(136)	(15)% U
Council's ability to generate income from other revenues was adversely affected by the prevailing economic and climatic conditions experienced throughout the year.				
Operating grants and contributions	8,005	11,337	3,332	42% F
Council adopted a conservative approach for estimating the level of grant funded income that was expected to be received in the 2021/2022 financial year. Council was successful in obtaining additional unplanned grants throughout the year.				
Capital grants and contributions	11,490	1,643	(9,847)	(86)% U
During the 2021/22 financial year, Council was unsuccessful in obtaining a number of Capital Grants that were originally budgeted to be received within the financial year.				
Interest and investment revenue	162	206	44	27% F
Both short term and long term factors have combined to drive interest rates higher than anticipated to be received at the time the 2021/2022 operational budget was prepared and adopted by Council.				
Net gains from disposal of assets	120	2	(118)	(98)% U
Income from the planned sale of a number of Council assets, which were due to occur in the 2021/22 financial year was not realised as the sale of these assets has been postponed.				
Other income	148	80	(68)	(46)% U
Council's ability to generate other income was adversely affected by the prevailing economic and climatic conditions experienced throughout the year.				
Expenses				
Employee benefits and on-costs	8,881	8,078	803	9% F
Materials and services	6,683	6,561	122	2% F
Borrowing costs	7	9	(2)	(29)% U
Council's planned borrowing costs were adversely affected by market pressures experienced throughout the 2021/2022 financial year which led to an increase in interest rates.				
Depreciation, amortisation and impairment of non-financial assets	6,965	6,641	324	5% F
Other expenses	827	819	8	1% F

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B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	17,974	12,151	(5,823)	(32)% U
Council was unsuccessful in obtaining funding for a number of budgeted capital grants and contributions that were anticipated to be received in the 2021/2022 financial year.				
Cash flows from investing activities	(18,523)	(20,273)	(1,750)	9% U
In seeking to maximise the return on its investment portfolio Council acquired more term deposits than originally anticipated for the 2021/2022 financial year.				
Cash flows from financing activities	(70)	(80)	(10)	14% U
During the 2021/22 financial year Council finalised an existing operational lease and due to a change in operational demands negotiated a new operating lease.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2022 \$ '000	2021 \$ '000
Cash assets		
Cash on hand and at bank	1,917	2,119
Cash equivalent assets		
– Deposits at call	–	1,500
– Short-term deposits	3,500	10,000
Total cash and cash equivalents	5,417	13,619

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,417	13,619
Balance as per the Statement of Cash Flows	5,417	13,619

Accounting policy

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

C1-2 Financial investments

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Debt securities at amortised cost				
Long term deposits	28,250	–	13,250	–
Total	28,250	–	13,250	–
Total financial investments	28,250	–	13,250	–
Total cash assets, cash equivalents and investments	33,667	–	26,869	–

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)

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C1-2 Financial investments (continued)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

	2022 \$ '000	2021 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	33,667	26,869
Less: Externally restricted cash, cash equivalents and investments	<u>(13,955)</u>	<u>(10,938)</u>
Cash, cash equivalents and investments not subject to external restrictions	19,712	15,931
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	3,271	1,168
Specific purpose unexpended grants – water fund	113	–
External restrictions – included in liabilities	3,384	1,168
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants (recognised as revenue) – general fund	1,229	858
Specific purpose unexpended grants (recognised as revenue) – water fund	61	–
Water fund	3,558	3,148
Sewer fund	4,597	4,675
Domestic waste management	1,126	1,089
External restrictions – other	10,571	9,770
Total external restrictions	13,955	10,938

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

	2022 \$ '000	2021 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	19,712	15,931
Less: Internally restricted cash, cash equivalents and investments	<u>(17,070)</u>	<u>(13,355)</u>
Unrestricted and unallocated cash, cash equivalents and investments	2,642	2,576

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

	2022 \$ '000	2021 \$ '000
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	4,873	3,998
Employees leave entitlement	895	895
Carry over works	525	652
Aerodrome	50	50
Caravan park	25	25
Cemetery	77	77
Common	65	73
Depot improvements	9	9
Development	297	197
Election expenses	13	13
Emergency services building	200	200
Financial assistance grant (in advance)	3,626	2,302
Footpath replacement	80	125
Kerb and gutter replacement	20	34
Levee reserve	107	154
Local environmental plan	25	25
Office equipment	126	126
Other community development	119	248
Premises refurbishment	1,389	499
Quarry	1,360	1,239
Quarry rehabilitation	170	160
Recreational facilities	172	92
Road reloaming	809	431
Road reserve sealed	619	709
Rural fire service	36	36
Showground	80	80
Single invitation contract	200	200
Sportsground	-	20
Strategic plan review	20	20
Street lighting	40	40
Urban streets	95	95
Weir improvement	18	18
Bore Baths Establishment Reserve	493	500
SCC Grant Matching Component'	-	13
Unspent Loan Funds	437	-
Total internal allocations	17,070	13,355

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

	2022 \$ '000	2021 \$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	2,642	2,576

C1-4 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Rates and annual charges	612	304	613	134
Interest and extra charges	61	65	68	36
User charges and fees	3,652	63	2,279	179
Accrued revenues				
– Interest on investments	–	–	14	–
– Other income accruals	86	–	86	–
Government grants and subsidies	2,781	–	1,948	–
Loans to non-profit organisations	–	–	224	–
Net GST receivable	121	–	255	–
Total	7,313	432	5,487	349
Less: provision for impairment				
Rates and annual charges	(210)	(85)	(210)	(85)
User charges and fees	(32)	(76)	(32)	(76)
Total provision for impairment – receivables	(242)	(161)	(242)	(161)
Total net receivables	7,071	271	5,245	188
Externally restricted receivables				
Water supply				
– Rates and availability charges	144	–	111	–
– Other	442	91	345	124
Sewerage services				
– Rates and availability charges	178	–	147	–
– Other	104	–	233	–
Total external restrictions	868	91	836	124
Unrestricted receivables	6,203	180	4,409	64
Total net receivables	7,071	271	5,245	188

	2022 \$ '000	2021 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	403	403
Balance at the end of the year	403	403

Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

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C1-4 Receivables (continued)

cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 1 year past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	140	–	166	–
Stores and materials	238	–	215	–
Trading stock	563	–	600	–
Total inventories at cost	941	–	981	–
Total inventories	941	–	981	–

(ii) Other disclosures

	Notes	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
(a) Details for real estate development					
Industrial/commercial		140	–	166	–
Total real estate for resale		140	–	166	–
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		140	–	166	–
Total costs		140	–	166	–
Total real estate for resale		140	–	166	–
Movements:					
Real estate assets at beginning of the year		166	–	166	–
– WDV of sales (expense)	B4-1	(26)	–	–	–
Total real estate for resale		140	–	166	–

(b) Current inventories 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;

	2022 \$ '000	2021 \$ '000
Real estate for resale	94	120
	94	120

C1-5 Inventories (continued)

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Revaluation decrements to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	3,332	–	3,332	2,388	532	–	–	(2,986)	–	–	3,266	–	3,266
Plant and equipment	11,542	(6,708)	4,834	–	104	–	(1,180)	–	–	–	11,646	(7,888)	3,758
Office equipment	3,220	(2,564)	656	–	36	–	(94)	–	–	–	3,256	(2,658)	598
Land:													
– Crown land	860	–	860	–	–	–	–	–	–	–	860	–	860
– Operational land	2,485	–	2,485	–	13	–	–	–	–	–	2,498	–	2,498
– Community land	633	–	633	–	–	–	–	–	–	–	633	–	633
Land improvements – non-depreciable	36	–	36	–	–	–	–	–	–	–	36	–	36
Land improvements – depreciable	963	(127)	836	–	–	–	(18)	–	–	–	964	(146)	818
Infrastructure:													
– Buildings – non-specialised	3,687	(966)	2,721	36	367	–	(65)	1,303	–	–	5,393	(1,031)	4,362
– Buildings – specialised	29,111	(10,693)	18,418	12	42	–	(463)	335	–	2,408	34,421	(13,669)	20,752
– Other structures	20,349	(6,881)	13,468	183	112	–	(401)	699	–	1,449	23,231	(7,721)	15,510
– Roads	249,136	(67,467)	181,669	1,547	73	(10)	(3,314)	649	–	7,526	255,738	(67,597)	188,141
– Bridges	25,901	(3,931)	21,970	–	–	–	(155)	–	–	473	26,466	(4,177)	22,289
– Footpaths	1,814	(505)	1,309	–	–	–	(31)	–	–	20	1,841	(544)	1,297
– Bulk earthworks (non-depreciable)	8,503	–	8,503	–	–	–	–	–	–	–	8,503	–	8,503
– Stormwater drainage	12,013	(4,590)	7,423	–	–	–	(160)	–	–	131	12,228	(4,833)	7,395
– Water supply network	26,628	(8,348)	18,280	35	–	–	(412)	–	(436)	–	26,607	(9,139)	17,468
– Sewerage network	29,097	(15,544)	13,553	505	–	(12)	(325)	–	–	3,584	28,534	(11,228)	17,306
Total infrastructure, property, plant and equipment	429,310	(128,324)	300,986	4,706	1,279	(22)	(6,618)	–	(436)	15,591	446,121	(130,631)	315,490

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

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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 \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Adjustments and transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	1,851	–	1,851	1,533	1,661	–	–	(1,714)	–	–	3,332	–	3,332
Plant and equipment	13,236	(7,747)	5,489	–	694	(142)	(1,232)	25	–	–	11,542	(6,708)	4,834
Office equipment	1,247	(511)	736	61	19	(6)	(155)	–	–	–	3,220	(2,564)	656
Land:													
– Operational land	2,485	–	2,485	–	–	(9)	–	–	9	–	2,485	–	2,485
– Community land	641	–	641	–	–	–	–	–	(9)	–	633	–	633
– Crown land	860	–	860	–	–	–	–	–	–	–	860	–	860
Land improvements – non-depreciable	36	–	36	–	–	–	–	–	–	–	36	–	36
Land improvements – depreciable	964	(109)	855	–	–	–	(18)	–	–	–	963	(127)	836
Infrastructure:													
– Buildings – non-specialised	3,670	(902)	2,768	–	15	–	(64)	2	–	–	3,687	(966)	2,721
– Buildings – specialised	28,182	(10,219)	17,963	369	5	(37)	(489)	607	–	1	29,111	(10,693)	18,418
– Other structures	19,509	(6,484)	13,025	413	423	–	(398)	4	–	2	20,349	(6,881)	13,468
– Roads	246,430	(64,174)	182,256	2,542	147	–	(3,295)	17	–	2	249,136	(67,467)	181,669
– Bridges	25,901	(3,776)	22,125	–	–	–	(155)	–	–	–	25,901	(3,931)	21,970
– Footpaths	1,814	(474)	1,340	–	–	–	(31)	–	–	–	1,814	(505)	1,309
– Bulk earthworks (non-depreciable)	6,640	–	6,640	877	–	–	–	986	–	–	8,503	–	8,503
– Stormwater drainage	12,013	(4,431)	7,582	–	–	–	(161)	–	–	1	12,013	(4,590)	7,423
– Water supply network	26,079	(7,939)	18,140	385	–	(12)	(400)	–	–	167	26,628	(8,348)	18,280
– Sewerage network	28,442	(15,671)	12,771	598	339	(15)	(336)	73	–	124	29,097	(15,544)	13,553
Total infrastructure, property, plant and equipment	420,000	(122,437)	297,563	6,778	3,303	(221)	(6,734)	–	–	297	429,310	(128,324)	300,986

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

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

Accounting policy

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

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 100	Flood control structures	80 to 100
Reticulation pipes: other	25 to 80		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Formation	Infinite	Bulk earthworks	Infinite
Sub-Base	100 to 200	Swimming pools	50
Base	45 to 60	Unsealed roads	20
Sealed roads: surface	20 to 30	Other open space/recreational assets	20 to 50
Unsealed roads: surface	20 to 30		
Bridge: Box Culvert	60 to 100		
Bridge: Standard	100 to 175		
Road pavements	45 to 60		
Kerb, gutter and footpaths	40 to 100		

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

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

Land under roads

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

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

Crown reserves

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

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

Rural Fire Service assets

Under Section 119 of the Rural Fire Services Act 1997 (NSW), "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

Council has assessed the value of the rural fire service plant and equipment "Red Fleet" and determined the value of these assets are not material and have not recognised them in the financial statements.

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/22			as at 30/06/21		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Water supply						
WIP	58	-	58	-	-	-
Infrastructure	26,607	9,139	17,468	26,629	8,349	18,280
Total water supply	26,665	9,139	17,526	26,629	8,349	18,280
Sewerage services						
WIP	114	-	114	-	-	-
Infrastructure	28,534	11,228	17,306	29,097	15,543	13,554
Total sewerage services	28,648	11,228	17,420	29,097	15,543	13,554
Domestic waste management						
Land						
- Operational land	45	-	45	32	-	32
- Improvements non-depreciable	62	-	62	62	-	62
Infrastructure	1,035	411	624	1,035	356	679
Total domestic waste management	1,142	411	731	1,129	356	773
Total restricted infrastructure, property, plant and equipment	56,455	20,778	35,677	56,855	24,248	32,607

C2 Leasing activities

C2-1 Council as a lessee

Office equipment

Leases for office equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 1 and 3 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

	Office Equipment \$ '000	Total \$ '000
2022		
Opening balance at 1 July	33	33
Additions to right-of-use assets	112	112
Adjustments to right-of-use assets due to re-measurement of lease liability	(20)	(20)
Depreciation charge	(23)	(23)
Balance at 30 June	102	102
2021		
Opening balance at 1 July	51	51
Depreciation charge	(18)	(18)
Balance at 30 June	33	33

(b) Lease liabilities

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Lease liabilities	37	66	19	14
Total lease liabilities	37	66	19	14

C2-1 Council as a lessee (continued)

(c) The maturity analysis

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2022					
Cash flows	38	67	–	105	103
2021					
Cash flows	19	14	–	33	33
		2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Total lease liabilities relating to unrestricted assets		37	66	19	14
Total lease liabilities		37	66	19	14

(d) Income Statement

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

	2022 \$ '000	2021 \$ '000
Interest on lease liabilities	1	1
Depreciation of right of use assets	23	18
	24	19

(e) Statement of Cash Flows

	2022	2021
Total cash outflow for leases	23	18
	23	18

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

Accounting policy

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

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

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-

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C2-1 Council as a lessee (continued)

of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-6) and/or IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

	2022 \$ '000	2021 \$ '000
Lease income (excluding variable lease payments not dependent on an index or rate)	75	97
Total income relating to operating leases for Council assets	75	97

Reconciliation of IPPE assets leased out as operating leases

	Plant & Equipmen t 2022 \$ '000	Plant & Equipment 2021 \$ '000	Buildings 2022 \$ '000	Buildings 2021 \$ '000	Land 2022 \$ '000	Land 2021 \$ '000	Other Structure s 2022 \$ '000	Other Structures 2021 \$ '000
Opening balance as at 1 July	235	243	1,291	1,308	888	888	183	177
Additions renewals	-	40	166	5	-	-	-	20
Carrying value of disposals	-	(11)	-	-	-	-	-	-
Depreciation expense	(37)	(37)	(24)	(22)	-	-	(20)	(14)
Closing balance as at 30 June	198	235	1,433	1,291	888	888	163	183
						2022 \$ '000		2021 \$ '000

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

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

< 1 year	76	97
1–2 years	80	133
2–3 years	81	133
3–4 years	82	133
4–5 years	83	133
> 5 years	84	133
Total undiscounted lease payments to be received	486	762

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.

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C2-2 Council as a lessor (continued)

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

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

C3 Liabilities of Council

C3-1 Payables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Payables				
Goods and services – operating expenditure	1,084	–	661	–
Goods and services – capital expenditure	830	–	164	–
Accrued expenses:				
– Salaries and wages	144	–	170	–
– Other expenditure accruals	11	–	10	–
Other payables	524	–	441	–
Security bonds, deposits and retentions	193	–	238	–
Total payables	2,786	–	1,684	–
Income received in advance				
Payments received in advance	382	–	293	–
Total income received in advance	382	–	293	–
Total payables	3,168	–	1,977	–

Payables relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Externally restricted assets				
Water	114	–	108	–
Sewer	19	–	19	–
Payables relating to externally restricted assets	133	–	127	–
Total payables relating to restricted assets	133	–	127	–
Total payables relating to unrestricted assets	3,035	–	1,850	–
Total payables	3,168	–	1,977	–

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C3-1 Payables (continued)

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

	2022	2021
	\$ '000	\$ '000

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

Payables – security bonds, deposits and retentions	158	131
Total payables	158	131

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

	Notes	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,326	–	1,110	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	58	–	58	–
Total grants received in advance		3,384	–	1,168	–
Total contract liabilities		3,384	–	1,168	–

Notes

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

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

Contract liabilities relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Externally restricted assets				
Water	113	–	–	–
Unspent grants held as contract liabilities (excl. Water & Sewer)	3,271	–	1,168	–
Contract liabilities relating to externally restricted assets	3,384	–	1,168	–
Total contract liabilities relating to restricted assets	3,384	–	1,168	–
Total contract liabilities	3,384	–	1,168	–

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

	2022 \$ '000	2021 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,110	899
Operating grants (received prior to performance obligation being satisfied)	58	4
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,168	903

Significant changes in contract liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

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C3-2 Contract Liabilities (continued)

Accounting policy

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

C3-3 Borrowings

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Loans – unsecured	44	448	50	500
Total borrowings	44	448	50	500

Borrowings relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Total borrowings relating to unrestricted assets	44	448	50	500
Total borrowings	44	448	50	500

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

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

(a) Changes in liabilities arising from financing activities

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – unsecured	550	(58)	–	–	–	–	492
Lease liability (Note C2-1b)	33	(21)	111	–	–	(20)	103
Total liabilities from financing activities	583	(79)	111	–	–	(20)	595

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – unsecured	41	(41)	550	–	–	–	550
Lease liability (Note C2-1b)	51	(18)	–	–	–	–	33
Total liabilities from financing activities	92	(59)	550	–	–	–	583

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C3-3 Borrowings (continued)

(b) Financing arrangements

	2022 \$ '000	2021 \$ '000
Total facilities		
Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	35	35
Total financing arrangements	285	285
Undrawn facilities		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	35	35
Total undrawn financing arrangements	285	285

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Annual leave	764	–	893	–
Long service leave	940	93	1,173	116
Total employee benefit provisions	1,704	93	2,066	116

Employee benefit provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

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

	2022 \$ '000	2021 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	868	1,097
	868	1,097

Description of and movements in provisions

	ELE provisions		
	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2022			
At beginning of year	893	1,289	2,182
Additional provisions	490	59	549
Amounts used (payments)	(619)	(315)	(934)
Total ELE provisions at end of year	764	1,033	1,797
2021			
At beginning of year	909	1,273	2,182
Additional provisions	478	160	638
Amounts used (payments)	(494)	(144)	(638)
Total ELE provisions at end of year	893	1,289	2,182

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C3-4 Employee benefit provisions (continued)

Accounting policy

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

C3-5 Provisions

Accounting policy

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
Income from continuing operations			
Rates and annual charges	5,186	834	798
User charges and fees	5,428	724	134
Interest and investment revenue	145	31	30
Other revenues	773	6	8
Grants and contributions provided for operating purposes	11,217	120	–
Grants and contributions provided for capital purposes	1,643	–	–
Net gains from disposal of assets	2	–	–
Other income	80	–	–
Total income from continuing operations	24,474	1,715	970
Expenses from continuing operations			
Employee benefits and on-costs	7,973	46	59
Materials and services	5,091	1,002	468
Borrowing costs	9	–	–
Depreciation, amortisation and impairment of non-financial assets	5,904	412	325
Other expenses	808	11	–
Net losses from the disposal of assets	(12)	–	12
Total expenses from continuing operations	19,773	1,471	864
Operating result from continuing operations	4,701	244	106
Net operating result for the year	4,701	244	106
Net operating result attributable to each council fund	4,701	244	106
Net operating result for the year before grants and contributions provided for capital purposes	3,058	244	106

D1-2 Statement of Financial Position by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	4,219	920	278
Investments	21,119	2,812	4,319
Receivables	6,203	586	282
Inventories	941	-	-
Other	128	-	-
Total current assets	32,610	4,318	4,879
Non-current assets			
Receivables	180	91	-
Infrastructure, property, plant and equipment	280,544	17,526	17,420
Investments accounted for using the equity method	75	-	-
Right of use assets	102	-	-
Total non-current assets	280,901	17,617	17,420
Total assets	313,511	21,935	22,299
LIABILITIES			
Current liabilities			
Payables	2,741	26	19
Income received in advance	294	88	-
Contract liabilities	3,271	113	-
Lease liabilities	37	-	-
Borrowings	44	-	-
Employee benefit provision	1,704	-	-
Total current liabilities	8,091	227	19
Non-current liabilities			
Lease liabilities	66	-	-
Borrowings	448	-	-
Employee benefit provision	93	-	-
Total non-current liabilities	607	-	-
Total liabilities	8,698	227	19
Net assets	304,813	21,708	22,280
EQUITY			
Accumulated surplus	161,853	14,813	12,488
Revaluation reserves	142,960	6,895	9,792
Council equity interest	304,813	21,708	22,280
Total equity	304,813	21,708	22,280

D2 Interests in other entities

D2-1 Subsidiaries

Council has no interest in any controlled entities (subsidiaries).

	Council's share of net assets	
	2022 \$ '000	2021 \$ '000
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	75	70
Total net share of interests in joint ventures and associates using the equity method – assets	75	70
Total Council's share of net assets	75	70

D2-2 Interests in joint arrangements

Net carrying amounts – Council's share

	Place of business	Nature of relationship	Interest in ownership		2022	2021
			2022	2021	\$ '000	\$ '000
Northern Western Library Service	Coonamble	Joint venture	25.0%	25.0%	75	70
Total carrying amounts – material joint ventures					75	70

Material joint ventures

Council has incorporated the following joint venture into its consolidated financial statements.

Details

	Principal activity	Measurement method
Northern Western Library Service	Provision of Library Services	At cost

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2022	2021	2022	2021
Northern Western Library Service	25.0%	25.0%	25.0%	25.0%

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D2-2 Interests in joint arrangements (continued)

Summarised financial information for joint ventures

	Northern Western Library Service	
	2022 \$ '000	2021 \$ '000
Statement of financial position		
Current assets		
Cash and cash equivalents	44	17
Non-current assets	256	265
Net assets	300	282
Statement of comprehensive income		
Income	255	251
Other expenses	(237)	(214)
Profit/(loss) from continuing operations	18	37
Profit/(loss) for the period	18	37
Total comprehensive income	18	37
Reconciliation of the carrying amount		
Opening net assets (1 July)	282	245
Profit/(loss) for the period	18	37
Closing net assets	300	282
Council's share of net assets (%)	25.0%	25.0%
Council's share of net assets (\$)	75	70

County Councils

Council is a member of the Castlereagh Macquarie County Council, a body corporate established under the Local Government Act 1993 (NSW) to control noxious weeds. Council is one of five constituent members and does not have significant influence over the County Council.

Accordingly, the County Council has not been consolidated in the financial statements.

D2-3 Interests in associates

Council has no interest in any associates.

D2-4 Unconsolidated structured entities

Council has no interest in any unconsolidated structured entities.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

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

	Carrying value 2022 \$ '000	Carrying value 2021 \$ '000	Fair value 2022 \$ '000	Fair value 2021 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	5,417	13,619	5,417	13,619
Receivables	7,342	5,433	7,342	5,433
Investments				
– Debt securities at amortised cost	28,250	13,250	28,250	13,250
Total financial assets	41,009	32,302	41,009	32,302
Financial liabilities				
Payables	2,786	1,684	2,786	1,684
Loans/advances	492	550	492	550
Total financial liabilities	3,278	2,234	3,278	2,234

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

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

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

The risks associated with the instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

	2022 \$ '000	2021 \$ '000
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
<p>Impact of a 1% movement in interest rates</p>		
– Equity / Income Statement	337	269
<p>Impact of a 10% movement in price of investments</p>		
– Equity / Income Statement	–	–

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

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2022				
Gross carrying amount	–	841	75	916
2021				
Gross carrying amount	–	708	39	747

Receivables - non-rates and annual charges and contract assets

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

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

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2022						
Gross carrying amount	5,381	289	110	151	898	6,829
Expected loss rate (%)	0.62%	1.00%	4.50%	6.00%	6.50%	1.59%
ECL provision	33	3	5	9	58	108
2021						
Gross carrying amount	4,264	212	112	–	501	5,089
Expected loss rate (%)	0.94%	4.13%	9.41%	0.00%	9.59%	2.11%
ECL provision	40	9	11	–	48	108

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

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2022							
Payables	0.00%	193	2,593	–	–	2,786	2,786
Borrowings	5.40%	–	43	200	249	492	492
Total financial liabilities		193	2,636	200	249	3,278	3,278
2021							
Payables	0.00%	238	1,446	–	–	1,684	1,684
Borrowings	1.15%	–	50	210	290	550	550
Total financial liabilities		238	1,496	210	290	2,234	2,234

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Plant and equipment				–	–	3,758	4,834	3,758	4,834
Office Equipment				–	–	598	656	598	656
Crown land	01/07/19	01/07/19		–	–	860	860	860	860
Operational land	01/07/19	01/07/19		–	–	2,498	2,485	2,498	2,485
Community land	01/07/19	01/07/19		–	–	633	633	633	633
Buildings – non-specialised	30/06/20	30/06/20	1,363	1,329	2,999	1,392	4,362	2,721	
Buildings – specialised	30/06/20	30/06/20	–	–	20,752	18,418	20,752	18,418	
Other Structures	30/06/20	30/06/20	–	–	15,510	13,468	15,510	13,468	
Roads	30/06/20	30/06/20	–	–	188,141	181,669	188,141	181,669	
Bridges	30/06/20	30/06/20	–	–	22,289	21,970	22,289	21,970	
Footpaths	30/06/20	30/06/20	–	–	1,297	1,309	1,297	1,309	
Stormwater Drainage	30/06/20	30/06/20	–	–	7,395	7,423	7,395	7,423	
Water Supply network	30/06/22	30/06/20	–	–	17,468	18,280	17,468	18,280	
Sewerage network	30/06/22	30/06/20	–	–	17,306	13,553	17,306	13,553	
Bulk Earthworks	30/06/18	30/06/18	–	–	8,503	8,503	8,503	8,503	
Land Improvements	30/06/18	30/06/18	–	–	854	872	854	872	
Total infrastructure, property, plant and equipment				1,363	1,329	310,861	296,325	312,224	297,654

Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

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E2-1 Fair value measurement (continued)

Valuation techniques

Infrastructure, property, plant and equipment (IPPE)

Plant and Equipment, Office Equipment and Furniture and Fittings

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

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators etc.
- Furniture & Fittings - Chairs, desks and display boards.

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

Operational and Community Land

Operational and Community Land are based on either the Land Value provided by the Valuer-General or where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. Operational Land is based on the Valuer value as these are representative of the actual market values in the Coonamble Shire LGA. As these rates were not considered to be observable market evidence they have been classified as level 3.

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

Buildings - Non-Specialised and Specialised

Non-Specialised and Specialised Buildings were valued utilising APV Valuers & Asset Management consultants during the 2017/2018 financial year. A desktop valuation was carried out as at the 30/06/2022 by APV Valuers & Asset Management to ensure the fair value of the asset class was recorded.

Depending on the specific asset the valuation approach may have included the adoption of a singular or multiple techniques.

- The Market approach has been applied where there is a principal market which provides observable evidence of the Fair Value of the asset

- The income approach has been applied for assets where the income generating capability of the asset provides the best estimate of the assets Fair Value

- The Cost approach was used for assets which are not commonly traded. Typically, these include assets that public and not-for-profit sector entities use to provide services to the public for no or minimal charge

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

Other Structures

Other Structures were also revalued through the 2017/2018 financial year utilising APV Valuers & Asset Management consultants. A desktop valuation as at 30/06/2022 was carried out by APV Valuers & Asset Management consultants to ensure the fair value of the asset class was recorded.

The various asset types identified included Airport Assets, Fences, Hardstand and Internal Roads, Landscaping, Lighting, Miscellaneous, Park Assets, Pool Assets, Saleyards and Sporting Equipment.

Depending on the specific asset the valuation approach may have included the adoption of a singular or multiple techniques.

- The Market approach has been applied where there is a principal Market which provides observable evidence of the Fair Value of the asset

- The income approach has been applied for assets where the income generating capability of the asset provides the best estimate of the assets Fair Value

- The Cost approach was used for assets which are not commonly traded. Typically these include assets that public and not-for-profit sector entities use to provide services to the public for no or minimal charge

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

Roads

Roads were revalued during the 2018/2019 financial year utilising APV Valuers and Asset Management Consultants, with input from Council's engineering department. A desktop valuation as at 30/06/2022 was carried out by APV Valuers & Asset Management consultants to ensure the fair value of the asset class was recorded. Roads comprise road carriageway, roadside shoulders and kerb and gutter. No market-based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this class.

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E2-1 Fair value measurement (continued)

Bridges

Bridges were revalued during the 2018/2019 financial year externally by APV Valuers and Asset Management Consultants, with input from Councils engineering department. A desktop valuation as at 30/06/2022 was carried out by APV Valuers & Asset Management Consultants to ensure the fair value of the asset class was recorded.

While all bridges were physically inspected and unit rates based on square metres were used there was no reliable market evidence (Level 2) as other inputs (such as estimates of residual value and pattern of consumption) require extensive professional judgement that impacts significantly on the final determination of fair value.

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

Footpaths

Footpaths were revalued externally by APV Valuers and Asset Management Consultants during the 2018/2019 financial year, with input from Council staff relating to costings. A desktop valuation as at 30/06/2022 was carried out by APV Valuers & Asset Management Consultants to ensure the fair value of the asset class was recorded.

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

Drainage Infrastructure

Drainage Infrastructure Assets were revalued during the 2018/2019 financial year by APV Valuers and Asset Management Consultants, with input from Council's engineering department. A desktop valuation as at 30/06/2022 was carried out by APV Valuers & Asset Management consultants to ensure the fair value of the asset class was recorded.

Assets within this class comprise culverts, open channels, storm water pipes, pits and other storm water structures.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

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

Water Supply Network

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

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets were revalued by APV Valuers Pty Ltd with effective date of 30 June 2022. These assets are also indexed each subsequent year following a comprehensive revaluation, in line with the NSW Reference Rates Manual as published by the Office of Water.

Sewerage Network

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

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets were revalued by APV Valuers Pty Ltd with effective date of 30 June 2022. These assets are also indexed each subsequent year following a comprehensive revaluation, in line with the NSW Reference Rates Manual as published by the Office of Water.

E2-1 Fair value measurement (continued)

Swimming Pools

Assets within this class comprise Council's outdoor swimming pool. The swimming pool was valued externally by APV Valuers & Asset Management consultants. A desktop valuation as at 30/06/2022 was carried out by APV Valuers & Asset Management consultants to ensure the fair value of the asset class was recorded. The approach estimated the replacement cost for each pool by componentising its significant parts.

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

Previously these assets had been valued internally by Council staff.

Bulk Eathworks/Land Improvements

Assets within this class comprise Bulk Earthworks, turf surfaces, irrigation and other misc land improvements etc. All assets in this class were valued in-house by experienced engineering staff.

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

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

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Buildings non specialised	Values provided by external consultant	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Buildings Specialised	Values provided by external consultant	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Other Structures	Values provided by external consultant	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Road Infrastructure	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Stormwater drainage	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Water Supply	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Sewerage network	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Plant & Equipment	Cost approach used to approximate fair value	Gross replacement cost, Remaining useful life, Residual value
Operational land	Land values obtained from the NSW Valuer General	Land value based on price per square meter
Community land	Land values obtained from the NSW Valuer General	Land value based on price per square meter
Crown Land	Land values obtained from the NSW Valuer General	Land value based on price per square meter
Bulk Earthworks	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Land Improvements	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value

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E2-1 Fair value measurement (continued)

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

	Water supply network		Sewerage network		Plant and equipment		Operational / Crown Land	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Opening balance	18,280	18,140	13,553	12,771	5,490	6,225	2,485	2,575
Total gains or losses for the period								
Other movements								
Purchases (GBV)	35	385	505	1,010	140	799	13	-
Disposals (WDV)	-	(12)	(12)	(15)	-	(148)	-	(9)
Depreciation and impairment	(412)	(400)	(325)	(336)	(1,274)	(1,387)	-	-
Revaluation increment to ARR	(436)	167	3,584	124	-	-	-	-
Rounding & other movement	1	-	1	(1)	-	1	-	(81)
Closing balance	17,468	18,280	17,306	13,553	4,356	5,490	2,498	2,485

	Community / Crown Land		Land improvements		Bulk earthworks		Buildings non-specialised	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Opening balance	1,493	1,411	872	891	8,503	6,640	1,392	1,439
Total gains or losses for the period								
Other movements								
Purchases (GBV)	-	-	-	-	-	1,863	1,670	17
Depreciation and impairment	-	-	(18)	(18)	-	-	(63)	(64)
Rounding & other movement	-	82	-	(1)	-	-	-	-
Closing balance	1,493	1,493	854	872	8,503	8,503	2,999	1,392

continued on next page

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E2-1 Fair value measurement (continued)

	Building specialised		Other structures		Roads infrastructure		Stormwater drainage	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Opening balance	18,418	17,963	13,468	13,025	204,948	205,721	7,423	7,582
Total gains or losses for the period								
Other movements								
Purchases (GBV)	389	981	994	840	2,269	2,706	-	-
Disposals (WDV)	-	(37)	-	-	(10)	-	-	-
Depreciation and impairment	(463)	(489)	(401)	(398)	(3,500)	(3,481)	(160)	(161)
Revaluation increment to ARR	2,408	-	1,449	2	8,019	2	131	1
Rounding & other movement	-	-	-	(1)	1	-	1	1
Closing balance	20,752	18,418	15,510	13,468	211,727	204,948	7,395	7,423

	Total	
	2022 \$ '000	2021 \$ '000
Opening balance	296,325	294,383
Purchases (GBV)	6,015	8,601
Disposals (WDV)	(22)	(221)
Depreciation and impairment	(6,616)	(6,734)
Revaluation increment to ARR	15,155	296
Rounding & other movement	4	-
Closing balance	310,861	296,325

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

Following the desktop revaluation of Council Buildings and other structures as at 30/6/2019 by external consultants a number of buildings, 8 in total, were valued based on observable market evidence (level 2). Level 2 input was adjusted in line with the basis of valuation.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

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

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

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

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$97,846.81. The last formal valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$44,907.84. Council's expected contribution to the plan for the next annual reporting period is \$71,044.44.

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 is broadly attributed to Council is estimated to be in the order of 0.22% as at 30 June 2022.

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

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

continued on next page

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E3-1 Contingencies (continued)

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) Garbage Depot Reinstatement

Garbage is disposed of in pits at the Coonamble Depot. When a new pit is required the old pit is reinstated at the same time as the digging of the new pit. As a result reinstatement costs are expensed each year. Should current practices change, it will be necessary to consider the need to establish a Garbage Depot Remediation provision.

(iii) Gravel Pits Reinstatement

Council's practice with regard to remediation of road reserve and private property gravel pits to construct water storage for future road maintenance or a farm dam in return for the use of material where feasible. If this is not feasible for whatever reason then the pit is scarified and seeded upon completion of works undertaken and expensed accordingly, therefore future remediation costs are zero.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2022	2021
	\$ '000	\$ '000
Compensation:		
Short-term benefits	1,004	807
Post-employment benefits	81	115
Other long-term benefits	22	30
Termination benefits	368	109
Total	1,475	1,061

continued on next page

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

Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2022						
Quarry Sales	3	35	-		-	-
Provision of Building Construction Services	4	-	-		-	-
Provision of Contract Services	6	11	-		-	-
Provision of Information Technology Equipment	7	47	-		-	-
2021						
Supply of Refreshments to Council	1	3	-		-	-
Sponsorship of Local Events	2	17	-		-	-
Quarry Sales	3	39	1		-	-
Provision of Building Construction Services	4	55	-		-	-
Private Works	5	9	-		-	-

1 Council purchases refreshments for Council meetings from a local cafe of which a KMP is part owner. All goods are purchased at normal retail prices

2 Council provided sponsorship for a local event. A KMP is a member of the executive of the committee that organised the event

3 Council supplies various materials from its Quarry operations to the public. A KMP is an owner operator of a business that purchases product from the Quarry. All product is sold as per Council's adopted fee's and charges

4 As part of its 2020/21 works program Council were required to engage contractors to carry out various building infrastructure works throughout the year. In accordance with Council's procurement policy quotations were sought and quotations received with the works awarded in accordance with normal commercial terms. A KMP relative, who is a suitably qualified contractor was awarded a component of these works.

5 As the result of a fire damage a number of buildings in the Coonamble CBD were demolished by Council and the sites cleaned up. The demolition and disposal costs were then passed on to the various property owners. A KMP is an owner of one of the affected properties.

6 As per Council's Operational Budget and Plan, Council was required to engage contractors to provide various contract services for Council throughout the year. In accordance with Council's adopted procurement policy quotations were sought and received with the works awarded in accordance with normal commercial terms. Of these contractors awarded works one (1) was controlled by either a KMP or a close relative of a KMP.

7 As per Council's Operational Budget and Plan, Council was required to procure quantities of I.T equipment from various suppliers throughout the year. In accordance with Council's adopted procurement policy quotations were sought and received with the works awarded in accordance with normal commercial terms. Of these suppliers awarded Council orders, one (1) was controlled by a close relative of a KMP.

F1-2 Councillor and Mayoral fees and associated expenses

	2022	2021
	\$ '000	\$ '000

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	19	21
Councillors' fees	85	77
Other Councillors' expenses (including Mayor)	66	48
Total	170	146

F1-3 Other related parties

	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2022						
Library Services	1	64	–	Membership of Library Co-op	–	–
2021						
Library Services	1	71	–	Membership of Library Co-op	–	–

1 Council is a member of a Joint venture being the North Western Library Co-operative with three other Councils, each council contributes an equal amount to the joint venture each year for the operation of the service which is to purchase books and e-resources for the benefit of the residents and ratepayers in the four local government areas.

F2 Other relationships

F2-1 Audit fees

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

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

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

Remuneration for audit and other assurance services

Total Auditor-General remuneration

Total audit fees

64	57
64	57
64	57
64	57

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2022 \$ '000	2021 \$ '000
Net operating result from Income Statement	5,051	4,694
Add / (less) non-cash items:		
Depreciation and amortisation	6,641	6,752
(Gain) / loss on disposal of assets	(2)	(15)
Share of net (profits)/losses of associates/joint ventures using the equity method	(5)	(9)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,909)	(2,597)
(Increase) / decrease of inventories	14	33
(Increase) / decrease of other current assets	5	(38)
Increase / (decrease) in payables	423	(5)
Increase / (decrease) in other accrued expenses payable	(25)	133
Increase / (decrease) in other liabilities	127	159
Increase / (decrease) in contract liabilities	2,216	195
Increase / (decrease) in employee benefit provision	(385)	-
Net cash flows from operating activities	12,151	9,302

G2-1 Commitments

Capital commitments (exclusive of GST)

	2022	2021
	\$ '000	\$ '000

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

Property, plant and equipment

Buildings	946	437
Plant and equipment	2,456	-
Water Mains	310	-
Sewer Infrastructure	89	-
Other Structures	426	570
Road infrastructure	5,563	1,344
Total commitments	9,790	2,351

These expenditures are payable as follows:

Within the next year	9,790	2,351
Total payable	9,790	2,351

Sources for funding of capital commitments:

Unrestricted general funds	372	-
Future grants and contributions	1,976	899
Unexpended grants	3,826	1,032
Externally restricted reserves	399	-
Internally restricted reserves	2,732	420
Unexpended loans	437	-
Insurance Claim proceeds	48	-
Total sources of funding	9,790	2,351

Details of capital commitments

Completion of Stronger Country Communities and Drought Community Programs

G3-1 Events occurring after the reporting date

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

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2022	2022	2021	2020	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	3,401	13.33%	7.47%	(12.20)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	25,509				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	14,172	52.20%	49.16%	53.33%	> 60.00%
Total continuing operating revenue ¹	27,152				
3. Unrestricted current ratio					
Current assets less all external restrictions	26,890	7.09x	7.74x	8.00x	> 1.50x
Current liabilities less specific purpose liabilities	3,794				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	10,051	112.93x	138.74x	68.98x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	89				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	747	9.97%	7.57%	8.15%	< 10.00%
Rates and annual charges collectable	7,489				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	33,667	24.21	20.30	18.72	> 3.00
Monthly payments from cash flow of operating and financing activities	1,391	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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	13.37%	7.06%	14.23%	26.23%	10.93%	(10.77)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	47.44%	44.44%	93.00%	100.00%	100.00%	83.94%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	7.09x	7.74x	19.02x	33.38x	256.79x	266.05x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	100.72x	122.26x	∞	∞	∞	∞	> 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	8.32%	5.90%	12.22%	11.42%	17.58%	15.45%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	27.14 months	22.83 months	7.51 months	5.82 months	3.86 months	3.65 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 23a above.

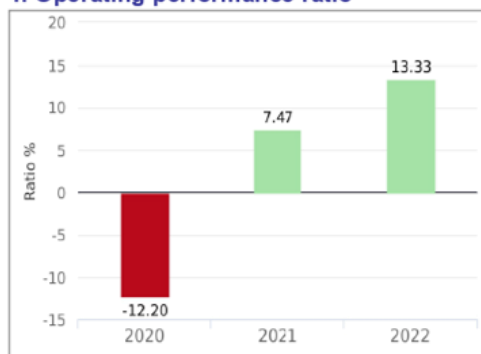
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio 13.33%

Council's operating performance ratio exceeds the industry benchmark. It should be noted that Council was successful in obtaining additional unbudgeted Operational Grants which have improved Council's overall operating result.

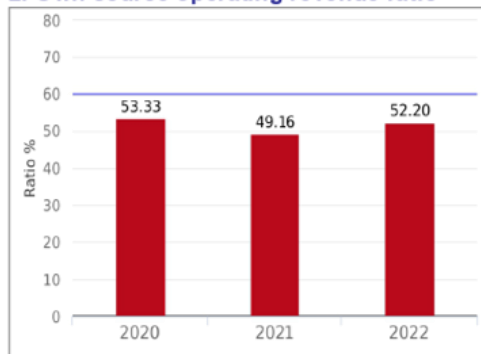
Benchmark: — > 0.00%

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 52.20%

During the 2021/22 financial year, Council received significant additional income in the form of Government grants and contributions. It is through the receipt of these additional funds that Council's 2021/22 result does not meet the industry benchmark of 60%.

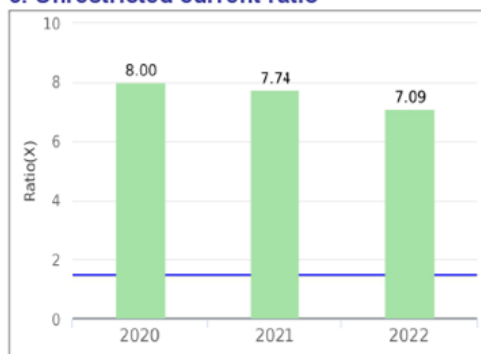
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 7.09x

Council's unrestricted current ratio exceeds the industry benchmark of 1.5 which indicates that Council is capable to satisfy its debts as and when they fall due.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

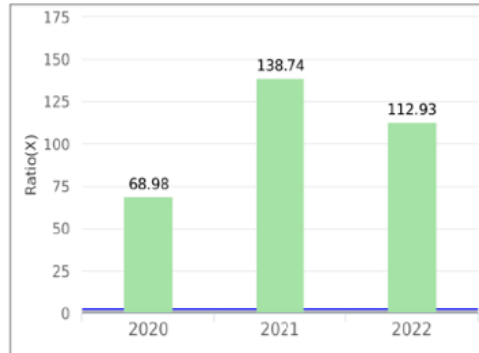
Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 112.93x

The Debt service ratio indicates that Council has sufficient operating cash to service its debts.

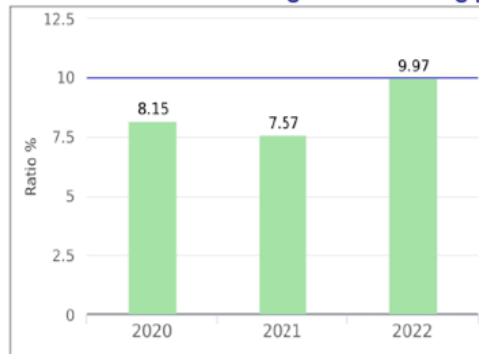
Benchmark: — > 2.00x

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 9.97%

Whilst Council's 2021/22 ratio is below the industry benchmark it should be noted that Council's performance in this ratio has continued to deteriorate when compared to previous years. This deterioration is a flow on effect of the 2020/21 financial year where limitations were placed on Council's ability to commence new recovery action for outstanding rates and annual charges.

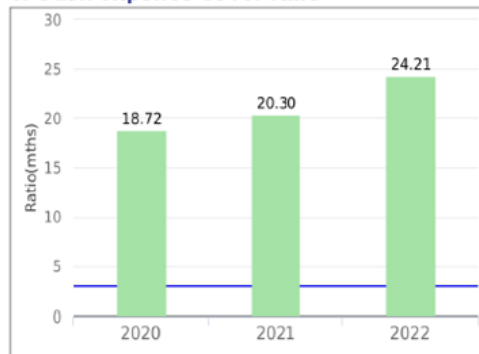
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 24.21 months

The ratio is well above the industry standard of 3 months which indicates that Council has sufficient liquidity to mitigate any unforeseen future events. It is noted that 2021/22 ratio has improved from the previous result.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

80 Castlereagh Street
Coonamble NSW 2829

Contact details

Mailing Address:

PO Box 249
Coonamble NSW 2829

Telephone: 02 68271900

Facsimile: 02 68221626

Opening hours:

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

Internet: www.coonambleshire.nsw.gov.au

Email: council@coonambleshire.nsw.gov.au

Officers

Ross Earl
General Manager

Bruce Quarmby
Responsible Accounting Officer

Auditors

Auditor General of NSW

Elected members

Cr. Tim Horan
Mayor

Councillors

Cr. Karen Churchill (Deputy Mayor)
Cr. Adam Cohen
Cr. Pat Cullen
Cr. Barbara Deans
Cr. Bill Fisher
Cr. Al Karanouh
Cr. Terry Lees
Cr. Brian Sommerville

Other information

ABN: 19 499 848 443



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Coonamble Shire Council

To the Councillors of Coonamble Shire Council

Opinion

I have audited the accompanying financial statements of Coonamble Shire 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 purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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



Manuel Moncada
Delegate of the Auditor-General for New South Wales

28 November 2022
SYDNEY



Cr Tim Horan
 Mayor
 Coonamble Shire Council
 PO Box 249
 COONAMBLE NSW 2829

Contact: Manuel Moncada
 Phone no: 02 9275 7333
 Our ref: D2225162/1717

28 November 2022

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2022
 Coonamble Shire Council**

I have audited the general purpose financial statements (GPFS) of the Coonamble Shire 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 \$m	2021 \$m	Variance %
Rates and annual charges revenue	6.82	6.74	↑ 1.2
Grants and contributions revenue	12.98	13.14	↓ 1.2
Operating result from continuing operations	5.05	4.69	↑ 7.7
Net operating result before capital grants and contributions	3.41	1.73	↑ 97.1

Rates and annual charges revenue (\$6.82 million) increased by \$82,000 (1.2 per cent) in 2021–2022.

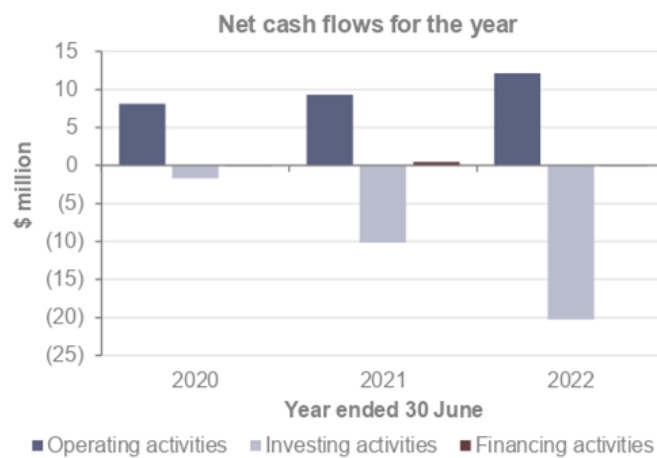
Grants and contributions revenue (\$12.98 million) decreased by \$159,000 (1.2 per cent) in 2021–2022 due to:

Council's operating result (\$5.05 million including the effect of depreciation and amortisation expense of \$6.64 million) was \$36,000 higher than the 2020–21 result.

The net operating result before capital grants and contributions (\$3.41 million) was \$1.68 million higher than the 2020–21 result. This was mainly due to an increase in operating revenue from fees and charges.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$8.2 million to \$5.4 million at the close of the year.
- The decrease is due to holding funds in longer term investments.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	33.7	26.9	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, domestic waste management charges, and water and sewerage funds. Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	14.0	10.9	
• Internal allocations	17.1	13.4	

Debt

After repaying principal and interest of \$66,000, total debt as at 30 June 2022 was \$492,000 (2021: \$583,000).

PERFORMANCE

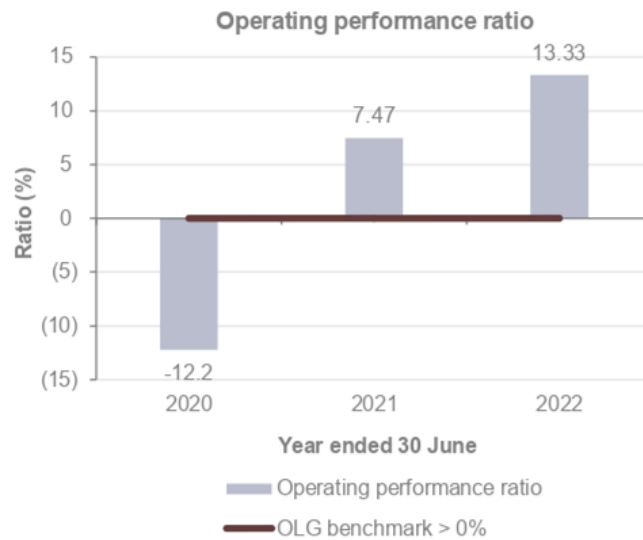
Performance measures

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 met the OLG benchmark for the current reporting period.

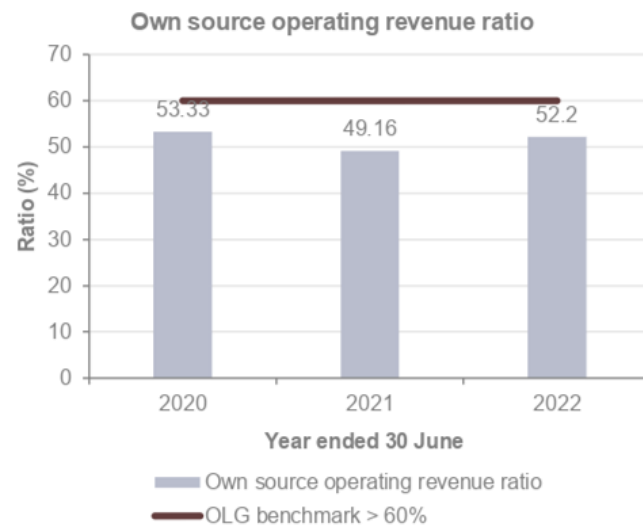
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

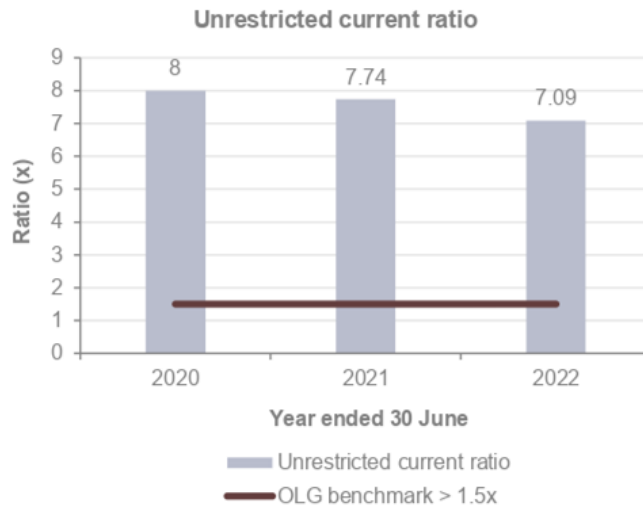
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

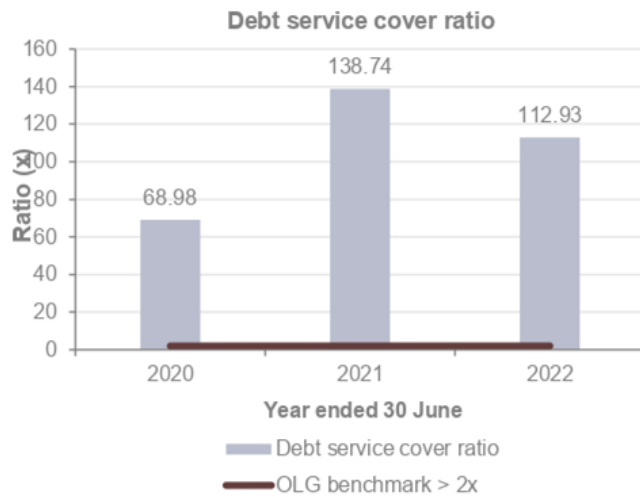
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

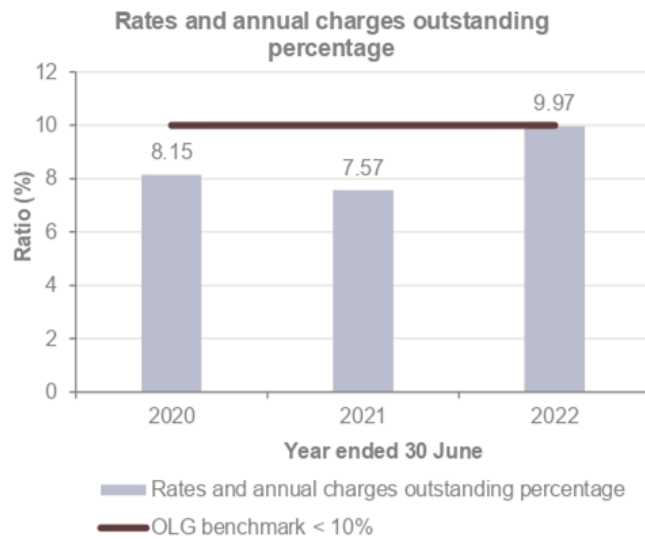
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

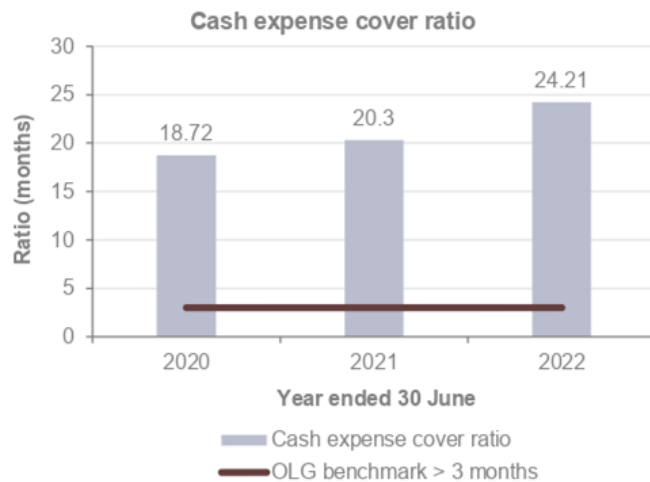
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent regional and rural councils.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$4.7 million compared to \$6.8 million for the prior year
- The level of asset renewals during the year represented 71 percent of the total depreciation expense (\$6.6 million) for the 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.

The Council's:

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



Manuel Moncada
Delegate of the Auditor-General for New South Wales

Coonamble Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Coonamble Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Coonamble Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

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

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


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

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

Signed in accordance with a resolution of Council made on 14 September 2022.



Tim Horan
Mayor
14 September 2022



Karen Churchill
Councillor
14 September 2022



Ross Earl
General Manager
14 September 2022



Bruce Quarmby
Responsible Accounting Officer
14 September 2022

Coonamble Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
Access charges	834	658
User charges	717	680
Fees	7	–
Interest and investment income	31	20
Grants and contributions provided for operating purposes	120	–
Other income	6	109
Total income from continuing operations	1,715	1,467
Expenses from continuing operations		
Employee benefits and on-costs	46	–
Materials and services	1,002	658
Depreciation, amortisation and impairment	412	400
Water purchase charges	11	13
Net loss from the disposal of assets	–	12
Total expenses from continuing operations	1,471	1,083
Surplus (deficit) from continuing operations before capital amounts	244	384
Surplus (deficit) from continuing operations after capital amounts	244	384
Surplus (deficit) from all operations before tax	244	384
Less: corporate taxation equivalent (25%) [based on result before capital]	(61)	(100)
Surplus (deficit) after tax	183	284
Plus accumulated surplus	14,569	14,185
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	61	100
Closing accumulated surplus	14,813	14,569
Return on capital %	1.4%	2.1%
Subsidy from Council	397	–
Calculation of dividend payable:		
Surplus (deficit) after tax	183	284
Surplus for dividend calculation purposes	183	284
Potential dividend calculated from surplus	92	142

Coonamble Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
Access charges	798	711
User charges	134	118
Interest and investment income	30	24
Grants and contributions provided for operating purposes	–	164
Other income	8	4
Total income from continuing operations	970	1,021
Expenses from continuing operations		
Employee benefits and on-costs	59	–
Materials and services	468	779
Depreciation, amortisation and impairment	325	336
Net loss from the disposal of assets	12	16
Total expenses from continuing operations	864	1,131
Surplus (deficit) from continuing operations before capital amounts	106	(110)
Surplus (deficit) from continuing operations after capital amounts	106	(110)
Surplus (deficit) from all operations before tax	106	(110)
Less: corporate taxation equivalent (25%) [based on result before capital]	(27)	–
Surplus (deficit) after tax	79	(110)
Plus accumulated surplus	12,382	12,492
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	27	–
Closing accumulated surplus	12,488	12,382
Return on capital %	0.6%	(0.8)%
Subsidy from Council	532	312
Calculation of dividend payable:		
Surplus (deficit) after tax	80	(110)
Surplus for dividend calculation purposes	80	–
Potential dividend calculated from surplus	40	–

Coonamble Shire Council

Income Statement of Quarry

for the year ended 30 June 2022

	2022 Category 2 \$ '000	2021 Category 2 \$ '000
Income from continuing operations		
User charges	3,502	2,472
Total income from continuing operations	3,502	2,472
Expenses from continuing operations		
Employee benefits and on-costs	325	403
Materials and services	1,638	1,035
Depreciation, amortisation and impairment	177	241
Total expenses from continuing operations	2,140	1,679
Surplus (deficit) from continuing operations before capital amounts	1,362	793
Surplus (deficit) from continuing operations after capital amounts	1,362	793
Surplus (deficit) from all operations before tax	1,362	793
Less: corporate taxation equivalent (25%) [based on result before capital]	(341)	(206)
Surplus (deficit) after tax	1,021	587
Plus accumulated surplus	7,603	6,810
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	341	206
Closing accumulated surplus	8,965	7,603
Return on capital %	116.5%	59.5%

Coonamble Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

	2022	2021
	\$ '000	\$ '000
ASSETS		
Current assets		
Cash and cash equivalents	920	525
Investments	2,812	2,623
Receivables	586	456
Total current assets	4,318	3,604
Non-current assets		
Receivables	91	124
Infrastructure, property, plant and equipment	17,526	18,280
Total non-current assets	17,617	18,404
Total assets	21,935	22,008
LIABILITIES		
Current liabilities		
Contract liabilities	113	-
Payables	26	48
Income received in advance	88	60
Total current liabilities	227	108
Total liabilities	227	108
Net assets	21,708	21,900
EQUITY		
Accumulated surplus	14,813	14,569
Revaluation reserves	6,895	7,331
Total equity	21,708	21,900

Coonamble Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	278	344
Investments	4,319	4,331
Receivables	282	380
Total current assets	4,879	5,055
Non-current assets		
Infrastructure, property, plant and equipment	17,420	13,554
Total non-current assets	17,420	13,554
Total assets	22,299	18,609
LIABILITIES		
Current liabilities		
Payables	19	19
Total current liabilities	19	19
Total liabilities	19	19
Net assets	22,280	18,590
EQUITY		
Accumulated surplus	12,488	12,382
Revaluation reserves	9,792	6,208
Total equity	22,280	18,590

Coonamble Shire Council

Statement of Financial Position of Quarry

as at 30 June 2022

	2022 Category 2 \$ '000	2021 Category 2 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	7,055	5,518
Inventories	551	587
Receivables	190	166
Total current assets	7,796	6,271
Non-current assets		
Infrastructure, property, plant and equipment	1,169	1,332
Total non-current assets	1,169	1,332
Total assets	8,965	7,603
Net assets	8,965	7,603
EQUITY		
Accumulated surplus	8,965	7,603
Total equity	8,965	7,603

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Council does not operate any Category 1 business activities.

Category 2

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

a. Water Supply Service

Comprising the whole of the water supply operations and net assets servicing Coonamble Shire.

b. Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets system servicing Coonamble Shire.

c. Quarry Operations

Extraction and production of road making materials.

Taxation equivalent charges

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

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

Note – Significant Accounting Policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – 25%

Land tax – the first \$755,000 of combined land values attracts 0%. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of 2.0% applies.

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

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

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

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

Income tax

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

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

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

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

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

The rate applied of 25% is/is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Coonamble Shire Council

To the Councillors of Coonamble Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Coonamble Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage
- Quarry

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Declared Business Activities as at 30 June 2022, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the Significant accounting policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Manuel Moncada
Delegate of the Auditor-General for New South Wales

28 November 2022
SYDNEY

Coonamble Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Coonamble Shire Council

Special Schedules

for the year ended 30 June 2022

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Coonamble Shire Council

Permissible income for general rates

	Notes	Calculation 2021/22 \$ '000	Calculation 2022/23 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	4,982	5,002
Plus or minus adjustments ²	b	(7)	4
Notional general income	c = a + b	4,975	5,006
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	i = e x (c + g)	100	100
Sub-total	k = (c + g + h + i + j)	5,075	5,106
Plus (or minus) last year's carry forward total	l	(13)	58
Less valuation objections claimed in the previous year	m	-	1
Sub-total	n = (l + m)	(13)	59
Total permissible income	o = k + n	5,062	5,165
Less notional general income yield	p	5,002	5,132
Catch-up or (excess) result	q = o - p	59	33
Plus income lost due to valuation objections claimed ³	r	(1)	-
Carry forward to next year ⁴	t = q + r + s	58	33

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) 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.
- (4) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



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

To the Councillors of Coonamble Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Manuel Moncada
Delegate of the Auditor-General for New South Wales

28 November 2022
SYDNEY

Coonamble Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	1,557	2,480	295	220	25,114	39,814	13.1%	17.1%	43.9%	17.1%	8.8%
	Sub-total	1,557	2,480	295	220	25,114	39,814	13.1%	17.1%	43.9%	17.1%	8.8%
Other structures	Other structures	964	1,465	102	134	15,510	23,231	33.9%	12.4%	38.7%	15.0%	0.0%
	Sub-total	964	1,465	102	134	15,510	23,231	33.9%	12.4%	38.7%	15.0%	0.0%
Roads	Roads	7,351	15,598	1,490	1,829	188,141	255,738	16.9%	42.1%	39.7%	0.5%	0.8%
	Bridges	–	–	25	5	22,289	26,466	71.8%	28.2%	0.0%	0.0%	0.0%
	Footpaths	9	57	90	85	1,297	1,841	70.2%	28.6%	1.2%	0.0%	0.0%
	Bulk earthworks	–	–	5	12	8,503	8,503	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	7,360	15,655	1,610	1,931	220,230	292,548	21.7%	39.5%	34.7%	0.4%	3.6%
Water supply network	Water supply network	726	1,443	260	419	17,468	26,607	25.7%	41.0%	21.6%	10.8%	0.9%
	Sub-total	726	1,443	260	419	17,468	26,607	25.7%	41.0%	21.6%	10.8%	0.9%
Sewerage network	Sewerage network	963	2,065	482	213	17,306	28,534	16.7%	16.6%	47.4%	19.3%	0.0%
	Sub-total	963	2,065	482	213	17,306	28,534	16.7%	16.6%	47.4%	19.3%	0.0%
Stormwater drainage	Stormwater drainage	9	150	3	4	7,395	12,228	1.8%	7.5%	87.8%	0.6%	2.3%
	Sub-total	9	150	3	4	7,395	12,228	1.8%	7.5%	87.8%	0.6%	2.3%
Total – all assets		11,579	23,258	2,752	2,921	303,023	422,962	20.9%	33.6%	37.4%	4.7%	3.4%

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

Infrastructure asset condition assessment 'key'

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

Coonamble Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	<u>4,706</u>	88.36%	141.04%	50.61%	>= 100.00%
Depreciation, amortisation and impairment	<u>5,326</u>				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>11,579</u>	3.78%	3.41%	2.83%	< 2.00%
Net carrying amount of infrastructure assets	<u>306,289</u>				
Asset maintenance ratio					
Actual asset maintenance	<u>2,921</u>	106.14%	106.65%	149.31%	> 100.00%
Required asset maintenance	<u>2,752</u>				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>23,258</u>	5.50%	4.93%	3.87%	
Gross replacement cost	<u>422,962</u>				

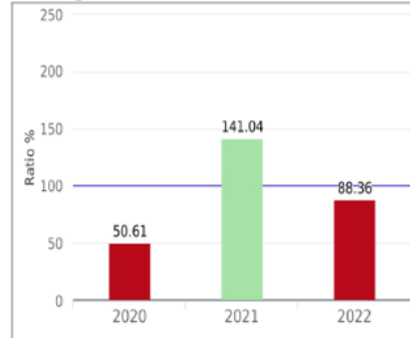
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Coonamble Shire Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
21/22 ratio	88.36%
Due to a combination of prevailing climatic conditions and supply chain delays for key components throughout the 2021/22 financial year, Council's ability to deliver on its infrastructure renewal program was detrimentally impacted. Plans have been put in place for the 2022/23 year to bring the renewal ratio up to the agreed benchmark.	

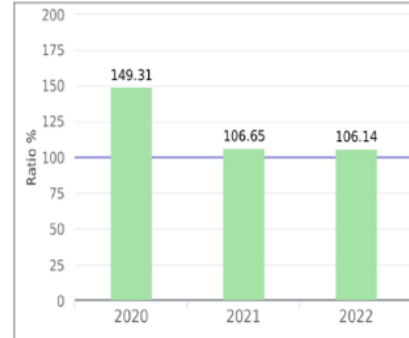
Benchmark: — $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio achieves benchmark

■ Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
21/22 ratio	106.14%
Council continues to sufficiently fund the required maintenance of its assets, therefore ensuring these assets are maintained in a satisfactory condition.	

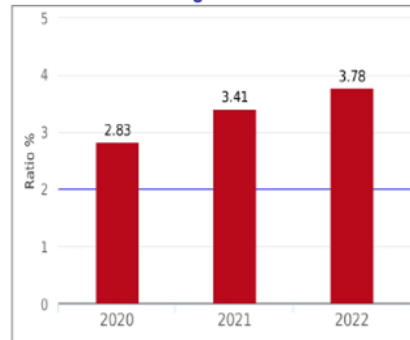
Benchmark: — $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio achieves benchmark

■ Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
21/22 ratio	3.78%
During the 2021/22 financial year, Council's infrastructure ratio has increased slightly from the 2021 result. Council's planned 2022/23 infrastructure renewal program has been structured so as to start to address the growing ratio.	

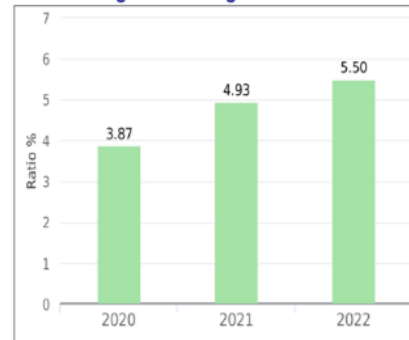
Benchmark: — $< 2.00\%$

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

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

Commentary on result	
21/22 ratio	5.50%
Due to the community's expectation of higher levels from Council assets this ratio is indeed higher than Council's infrastructure backlog ratio.	

Coonamble Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	68.77%	142.24%	225.73%	96.25%	190.77%	177.98%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	3.64%	3.69%	4.16%	1.20%	5.56%	1.18%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	113.88%	114.38%	161.15%	136.54%	44.19%	58.30%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	5.37%	5.49%	5.42%	1.65%	7.24%	1.10%	
Gross replacement cost							

(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.