

# Business Paper

## LATE REPORTS ORDINARY COUNCIL MEETING

**COUNCIL CHAMBERS, GUNDAGAI**

**6:00PM, Tuesday 28th March, 2023**

**Administration Centres: 1300 459 689**

# LATE REPORTS

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## 8 GENERAL MANAGER'S REPORT

### 8.3 FINANCE

#### 8.3.4 LODGEMENT OF FINANCIAL STATEMENTS

DOCUMENT NUMBER	388763
REPORTING OFFICER	Zac Mahon, Manager Finance
AUTHORISING OFFICER	Paul Woods, Interim Deputy General Manager - CCD
RELEVANCE TO COMMUNITY STRATEGIC PLAN	<b>4. Good governance: an actively engaged community and strong leadership team</b>  4.1 Decision-making is based on collaborative, transparent and accountable leadership
FINANCIAL IMPLICATIONS	There are no Financial implications associated with this report.
LEGISLATIVE IMPLICATIONS	To comply with section 413 of the Local Government Act, 1993.
POLICY IMPLICATIONS	Accounting Policies are detailed within the Financial Statements.
ATTACHMENTS	1. CGRC Annual Financial Statements <a href="#">↓</a>

#### RECOMMENDATION

1. The Deputy Mayor, General Manager, Cr Graham and Responsible Accounting Officer be delegated to sign the Statements by Council and Management for the 2022 General Purpose Financial Statements and 2022 Special Purpose Financial Statements for Cootamundra-Gundagai Regional Council.
2. The General Manager be authorised to lodge the 2022 General Purpose Financial Statements and 2022 Special Purpose Financial Statements for Cootamundra-Gundagai Regional Council to the NSW Office of Local Government.

#### Introduction

The NSW Audit Office has completed the audit of the 2021/22 Financial Statements.

#### Discussion

To finalise the audit process and as per legislation, Council is required to delegate the signing of the Statements by Council and Management and authorise the General Manager to lodge the financial statements with the NSW Office of Local Government (OLG).

The financial statements will then be lodged with the OLG on 29 March 2023 before the extended due date deadline of 31 March 2023.

At the 18 April 2023 Council Meeting, the Audited Financial Statements and the Auditors Report will be presented to Council, with Mr Brad Bohun, Partner from Crowe Australia (Council's External Auditor) being present. Public notice will be given on, and the Audited statements will be available for public exhibition on Council's website from, 29 March 2023 as per legislative requirements.

OLG 23a Guideline consideration

Report purpose does not conflict with guidelines.



# Cootamundra-Gundagai Regional Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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# Cootamundra-Gundagai Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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## Cootamundra-Gundagai Regional Council

### General Purpose Financial Statements

for the year ended 30 June 2022

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#### Overview

Cootamundra-Gundagai Regional Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

81 Wallendoon St  
Cootamundra NSW 2590

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.cgrc.nsw.gov.au](http://www.cgrc.nsw.gov.au).

## Cootamundra-Gundagai Regional Council

### General Purpose Financial Statements

for the year ended 30 June 2022

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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 this report false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 28 March 2023.**

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Leigh Bowden  
**Deputy Mayor**  
28 March 2023

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David Graham  
**Councillor**  
28 March 2023

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Steve McGrath  
**General Manager**  
28 March 2023

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Zac Mahon  
**Responsible Accounting Officer**  
28 March 2023

Cootamundra-Gundagai Regional Council | Income Statement | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional Council

### Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
	<b>Income from continuing operations</b>			
16,538	Rates and annual charges	B2-1	<b>16,687</b>	14,460
7,239	User charges and fees	B2-2	<b>9,528</b>	8,098
1,054	Other revenues	B2-3	<b>804</b>	751
8,662	Grants and contributions provided for operating purposes	B2-4	<b>11,230</b>	8,908
7,757	Grants and contributions provided for capital purposes	B2-4	<b>8,773</b>	15,232
184	Interest and investment income	B2-5	<b>152</b>	124
—	Other income	B2-6	<b>88</b>	346
<b>41,434</b>	<b>Total income from continuing operations</b>		<b>47,262</b>	47,919
	<b>Expenses from continuing operations</b>			
11,480	Employee benefits and on-costs	B3-1	<b>12,223</b>	12,329
10,452	Materials and services	B3-2	<b>15,542</b>	13,132
250	Borrowing costs	B3-3	<b>262</b>	228
9,509	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>11,194</b>	10,600
3,231	Other expenses	B3-5	<b>1,186</b>	1,550
—	Net loss from the disposal of assets	B4-1	<b>3,059</b>	317
<b>34,922</b>	<b>Total expenses from continuing operations</b>		<b>43,466</b>	38,156
<b>6,512</b>	<b>Operating result from continuing operations</b>		<b>3,796</b>	9,763
<b>6,512</b>	<b>Net operating result for the year attributable to Council</b>		<b>3,796</b>	9,763
<b>(1,245)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(4,977)</b>	(5,469)

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

Cootamundra-Gundagai Regional Council | Statement of Comprehensive Income | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional Council

## Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Net operating result for the year – from Income Statement</b>		<b>3,796</b>	9,763
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>73,448</b>	419
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>73,448</b>	419
<b>Total other comprehensive income for the year</b>		<b>73,448</b>	419
<b>Total comprehensive income for the year attributable to Council</b>		<b>77,244</b>	10,182

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

Cootamundra-Gundagai Regional Council | Statement of Financial Position | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional Council

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	8,225	10,264
Investments	C1-2	14,048	8,012
Receivables	C1-4	5,488	2,884
Inventories	C1-5	446	621
Contract assets and contract cost assets	C1-6	5,559	10,620
<b>Total current assets</b>		<b>33,766</b>	<b>32,401</b>
<b>Non-current assets</b>			
Receivables	C1-4	58	58
Inventories	C1-5	824	1,081
Infrastructure, property, plant and equipment (IPPE)	C1-7	657,499	583,133
Intangible assets	C1-8	87	130
<b>Total non-current assets</b>		<b>658,468</b>	<b>584,402</b>
<b>Total assets</b>		<b>692,234</b>	<b>616,803</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	3,830	3,208
Contract liabilities	C3-2	4,969	4,367
Borrowings	C3-3	1,315	1,275
Employee benefit provisions	C3-4	3,486	4,243
<b>Total current liabilities</b>		<b>13,600</b>	<b>13,093</b>
<b>Non-current liabilities</b>			
Borrowings	C3-3	6,995	8,310
Employee benefit provisions	C3-4	341	433
Provisions	C3-5	4,259	5,172
<b>Total non-current liabilities</b>		<b>11,595</b>	<b>13,915</b>
<b>Total liabilities</b>		<b>25,195</b>	<b>27,008</b>
<b>Net assets</b>		<b>667,039</b>	<b>589,795</b>
<b>EQUITY</b>			
Accumulated surplus		412,389	408,593
IPPE revaluation reserve		254,650	181,202
<b>Council equity interest</b>		<b>667,039</b>	<b>589,795</b>
<b>Total equity</b>		<b>667,039</b>	<b>589,795</b>

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

Cootamundra-Gundagai Regional Council | Statement of Changes in Equity | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional Council

### Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		408,593	181,202	589,795	398,830	180,783	579,613
<b>Opening balance</b>		<b>408,593</b>	<b>181,202</b>	<b>589,795</b>	<b>398,830</b>	<b>180,783</b>	<b>579,613</b>
Net operating result for the year		3,796	–	3,796	9,763	–	9,763
<b>Net operating result for the period</b>		<b>3,796</b>	<b>–</b>	<b>3,796</b>	<b>9,763</b>	<b>–</b>	<b>9,763</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	73,448	73,448	–	419	419
<b>Other comprehensive income</b>		<b>–</b>	<b>73,448</b>	<b>73,448</b>	<b>–</b>	<b>419</b>	<b>419</b>
<b>Total comprehensive income</b>		<b>3,796</b>	<b>73,448</b>	<b>77,244</b>	<b>9,763</b>	<b>419</b>	<b>10,182</b>
<b>Closing balance at 30 June</b>		<b>412,389</b>	<b>254,650</b>	<b>667,039</b>	<b>408,593</b>	<b>181,202</b>	<b>589,795</b>

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



Cootamundra-Gundagai Regional Council | Statement of Cash Flows | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional Council

### Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
16,537	Rates and annual charges		16,588	14,550
7,238	User charges and fees		7,356	7,523
184	Interest received		117	144
16,419	Grants and contributions		25,666	20,947
2,947	Other income		528	881
<b>Payments:</b>				
(11,480)	Payments to employees		(13,175)	(12,286)
(10,452)	Payments for materials and services		(14,642)	(13,693)
–	Borrowing costs		(222)	(230)
(5,124)	Other expenses		(2,146)	3,097
16,269	<b>Net cash flows from operating activities</b>	G1-1	<b>20,070</b>	<b>20,933</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Redemption of term deposits		14,034	9,081
–	Sale of real estate assets		453	1,368
557	Proceeds from sale of IPPE		1,728	1,188
–	Deferred debtors receipts		73	–
<b>Payments:</b>				
–	Acquisition of term deposits		(20,070)	(8,020)
(16,855)	Payments for IPPE		(16,998)	(24,897)
–	Purchase of real estate assets		(55)	(4)
–	Purchase of intangible assets		1	(1)
–	Deferred debtors and advances made		–	(40)
(16,298)	<b>Net cash flows from/(used in) investing activities</b>		<b>(20,834)</b>	<b>(21,325)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
4,000	Proceeds from borrowings		–	4,000
<b>Payments:</b>				
(1,520)	Repayment of borrowings		(1,275)	(1,052)
2,480	<b>Net cash flows from/(used in) financing activities</b>		<b>(1,275)</b>	<b>2,948</b>
2,451	<b>Net change in cash and cash equivalents</b>		<b>(2,039)</b>	<b>2,556</b>
–	Cash and cash equivalents at beginning of year		10,264	7,708
2,451	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>8,225</b>	<b>10,264</b>
–	plus: Investments on hand at end of year	C1-2	14,048	8,012
2,451	<b>Total cash, cash equivalents and investments</b>		<b>22,273</b>	<b>18,276</b>

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

## Cootamundra-Gundagai Regional Council

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## Cootamundra-Gundagai Regional Council

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

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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 24/01/2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### **Historical cost convention**

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

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

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

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

#### **Significant judgements in applying the Council's accounting policies**

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

## **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*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in Council's Trust Fund.

The Consolidated Fund has been included in the financial statements of Council.

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

- General purpose operations
- Water service
- Sewerage service

## A1-1 Basis of preparation (continued)

### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

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

### Goods and Services Tax (GST)

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

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

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

### 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 have been published that are not mandatory for the 30 June 2022 reporting periods.

Council has not to applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2021.

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 standards which were mandatorily effective from the first time at 30 June 2022.

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

## B Financial Performance

### B1 Functions or activities

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

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.										
\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
Vibrant & supportive community	4,746	2,834	7,038	9,731	(2,292)	(6,897)	4,100	2,034	2,050	1,916
Prosperous & resilient economy	1,674	2,644	4,244	3,306	(2,570)	(662)	489	634	14,395	11,511
Sustainable natural & built environments	23,329	27,514	26,710	22,771	(3,381)	4,743	8,006	15,947	624,928	565,168
Good governance	17,513	14,927	5,474	2,348	12,039	12,579	7,408	5,525	41,652	38,207
Other	—	—	—	—	—	—	—	—	9,209	1
Total functions and activities	47,262	47,919	43,466	38,156	3,796	9,763	20,003	24,140	692,234	616,803

## B1-2 Components of functions or activities

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

### Vibrant & supportive community

1. Our community is inclusive and connected
2. Public spaces provide for a diversity of activity and strengthen our social connections
3. Our community members are healthy and safe

### Prosperous & resilient economy

1. The local economy is strong and diverse
2. Strategic land-use planning is co-ordinated and needs based
3. Tourism opportunities are actively promoted
4. Our local workforce is skilled and workplace ready

### Sustainable natural & built environments

1. The natural environment is valued and protected
2. Our built environments support and enhance liveability

### Good governance

1. Decision making is based on collaborative, transparent and accountable leadership
2. Active participation and engagement in local decision making
3. Cootamundra-Gundagai Regional Council is a premier local government council

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	3,785	3,108
Farmland	4,455	3,702
Business	968	703
Less: pensioner rebates	(202)	(195)
<b>Rates levied to ratepayers</b>	<b>9,006</b>	<b>7,318</b>
Pensioner rate subsidies received	112	107
<b>Total ordinary rates</b>	<b>9,118</b>	<b>7,425</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	2,087	1,993
Stormwater management services charge	127	127
Water supply services	2,122	1,893
Sewerage services	2,629	2,478
Waste management services (non-domestic)	665	614
Environmental	76	73
Less: pensioner rebates	(306)	(317)
<b>Annual charges levied</b>	<b>7,400</b>	<b>6,861</b>
Pensioner subsidies received:		
– Water	52	52
– Sewerage	50	50
– Domestic waste management	67	72
<b>Total annual charges</b>	<b>7,569</b>	<b>7,035</b>
<b>Total rates and annual charges</b>	<b>16,687</b>	<b>14,460</b>

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

#### Accounting policy

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

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

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



## B2-2 User charges and fees

\$ '000	Timing	2022	2021
<b>User charges</b>			
Water supply services		2,573	2,303
Sewerage services		487	397
Waste management services (non-domestic)		2	3
Other		17	16
<b>Total user charges</b>		<b>3,079</b>	<b>2,719</b>
<b>Fees</b>			
Private works – s67		181	1,250
Planning and building - regulatory		362	277
Regulatory/ statutory fees		16	19
S10.7 certificates (EP&A Act)		35	29
S603 certificates		31	34
Transport for NSW works (state roads not controlled by Council)		4,515	2,587
Caravan park		58	57
Cemeteries		307	380
Aerodrome		19	18
Leaseback fees – Council vehicles		50	48
Library and art gallery		22	28
Saleyards		132	143
Swimming centres		2	11
Tourism		7	6
Waste disposal tipping fees		574	398
Water connection fees		51	21
Sewer connection fees		36	27
Sports stadium		12	7
Other		39	39
<b>Total fees</b>		<b>6,449</b>	<b>5,379</b>
<b>Total user charges and fees</b>		<b>9,528</b>	<b>8,098</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time		–	–
User charges and fees recognised at a point in time		9,528	8,098
<b>Total user charges and fees</b>		<b>9,528</b>	<b>8,098</b>

### Accounting policy

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

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

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

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

## B2-3 Other revenues

\$ '000	Timing	2022	2021
Fines		24	17
Legal fees recovery		24	59
Commissions and agency fees		28	38
Diesel rebate		101	121

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### B2-3 Other revenues (continued)

\$ '000	Timing	2022	2021
RFS reimbursement		194	248
Sales – miscellaneous		73	63
Sales of Scrap		81	28
Workers comp incentive payments		157	79
Insurance rebates		83	91
Other		39	7
<b>Total other revenue</b>		<b>804</b>	<b>751</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time		–	–
Other revenue recognised at a point in time		804	751
<b>Total other revenue</b>		<b>804</b>	<b>751</b>

#### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Financial Assistance Grant <sup>1</sup></b>					
Relating to current year		2,920	2,617	–	–
Prepayment received in advance for subsequent year		4,488	2,802	–	–
<b>Amount recognised as income during current year</b>		<b>7,408</b>	<b>5,419</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Sewerage services		–	–	875	8,319
Community care		8	–	491	162
Environmental programs		130	92	573	413
Recreation and culture		111	94	–	96
Storm/flood damage		552	213	–	698
Other roads and bridges		384	422	4,763	4,309
Roads to recovery		1,011	909	–	–
Transport for NSW contributions (regional roads, block grant)		918	876	223	154
NSW Rural fire services		273	260	–	–
Other grants		239	148	72	124
OLG grants		196	475	1,244	599
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,822</b>	<b>3,489</b>	<b>8,241</b>	<b>14,874</b>
<b>Total grants and non-developer contributions</b>		<b>11,230</b>	<b>8,908</b>	<b>8,241</b>	<b>14,874</b>
<b>Comprising:</b>					
– Commonwealth funding		8,507	6,405	1,669	3,664
– State funding		2,100	1,828	6,545	11,204
– Other funding		623	675	27	6
		<b>11,230</b>	<b>8,908</b>	<b>8,241</b>	<b>14,874</b>

(1) \$4.488m of the 2022-2023 Financial Assistance Grant from Commonwealth Government was received by Council in June 2022 and hence is reported as 2021-2022 income although it relates to 2022-2023 financial year.

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G3				
Cash Contributions		–	–	532	358
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>532</b>	<b>358</b>
<b>Total grants and contributions</b>		<b>11,230</b>	<b>8,908</b>	<b>8,773</b>	<b>15,232</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		–	640	–	14,446
Grants and contributions recognised at a point in time		11,230	8,268	8,773	786
<b>Total grants and contributions</b>		<b>11,230</b>	<b>8,908</b>	<b>8,773</b>	<b>15,232</b>

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**B2-4 Grants and contributions (continued)****Unspent grants and contributions**

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

<b>\$ '000</b>	<b>Operating 2022</b>	Operating 2021	<b>Capital 2022</b>	Capital 2021
Unspent funds at 1 July	<b>1,250</b>	1,533	<b>3,366</b>	1,058
<b>Add:</b> Funds received and not recognised as revenue in the current year	<b>204</b>	186	<b>6,108</b>	2,767
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	<b>(610)</b>	(469)	<b>(3,039)</b>	(459)
<b>Unspent funds at 30 June <sup>1</sup></b>	<b>844</b>	1,250	<b>6,435</b>	3,366

(1) Unexpended grants relate mainly to Stronger Communities Fund, Fixing Local Roads Grants, Local Roads and Community Infrastructure Grants and NSW Department of Planning Grants income. These amounts are expected to be spent during the next financial year.

## B2-4 Grants and contributions (continued)

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

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

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

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

#### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges	72	47
– Cash and investments	80	77
<b>Total interest and investment income (losses)</b>	<b>152</b>	<b>124</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2022	2021
<b>Rental income</b>			
Commercial rental		57	301
Residential rental		10	23
Agistment		21	22
<b>Total rental income</b>	C2-1	<b>88</b>	<b>346</b>
<b>Total other income</b>		<b>88</b>	<b>346</b>

**B3 Costs of providing services****B3-1 Employee benefits and on-costs**

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
Salaries and wages	<b>11,387</b>	11,047
Employee leave entitlements	<b>98</b>	793
Superannuation	<b>1,108</b>	1,070
Workers' compensation insurance	<b>707</b>	682
FBT	<b>82</b>	53
Training costs	<b>106</b>	127
Other	<b>23</b>	6
Less: capitalised costs	<b>(1,288)</b>	(1,449)
<b>Total employee costs expensed</b>	<b>12,223</b>	<b>12,329</b>

**Accounting policy**

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

All employees of 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.

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

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



### B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		10,996	9,042
Contractor and consultancy costs		17,819	19,347
Audit Fees	F2-1	95	82
Councillor and Mayoral fees and associated expenses	F1-2	185	159
Advertising		51	60
Bank charges		49	43
Computer software charges		317	353
Election expenses		125	—
Electricity and heating		435	440
Insurance		857	840
Postage		69	73
Printing and stationery		138	135
Street lighting		195	199
Subscriptions and publications		118	107
Telephone and communications		102	102
Tourism expenses		68	61
Valuation fees		52	52
Legal expenses		112	66
Other		45	88
Less: capitalised costs		(16,286)	(18,332)
<b>Total materials and services</b>		<b>15,542</b>	<b>13,132</b>

#### Accounting policy

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

### B3-3 Borrowing costs

\$ '000	Notes	2022	2021
Interest on loans		215	228
Discount adjustments relating to movements in Remediation liabilities	C3-5	47	—
<b>Total borrowing costs expensed</b>		<b>262</b>	<b>228</b>

#### Accounting policy

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

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

<b>\$ '000</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Depreciation and amortisation</b>			
Infrastructure, property, plant and equipment	C1-7	<b>11,152</b>	10,557
Intangibles - Software	C1-8	<b>42</b>	43
<b>Total depreciation and amortisation costs</b>		<b>11,194</b>	<b>10,600</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>11,194</b>	<b>10,600</b>

**Accounting policy****Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

**Impairment of non-financial assets**

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

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

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

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

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

### B3-5 Other expenses

\$ '000	2022	2021
Impairment of receivables	–	147
Donations, contributions and assistance to other organisations (Section 356)	46	27
Contributions/levies to other levels of government	38	36
– Emergency services levy (includes FRNSW, SES, and RFS levies)	525	699
– Waste levy	295	328
– REROC Contributions	51	52
Other contributions/levies	29	60
Contribution regional library service	202	201
<b>Total other expenses</b>	<b>1,186</b>	<b>1,550</b>

#### Accounting policy

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

Impairment expenses are recognised when identified.

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

<b>\$ '000</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		<b>(42)</b>	(120)
<b>Gain (or loss) on disposal</b>		<b>(42)</b>	(120)
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-7		
Proceeds from disposal		<b>1,728</b>	1,170
Less: carrying amount of assets sold		<b>(277)</b>	(341)
<b>Gain (or loss) on disposal</b>		<b>1,451</b>	829
<b>Gain (or loss) on disposal of infrastructure</b>	C1-7		
Proceeds from disposal – infrastructure		<b>–</b>	18
Less: carrying amount of infrastructure assets sold/written off		<b>(4,609)</b>	(2,164)
<b>Gain (or loss) on disposal</b>		<b>(4,609)</b>	(2,146)
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
Proceeds from disposal – real estate assets		<b>453</b>	1,368
Less: carrying amount of real estate assets sold/written off		<b>(312)</b>	(248)
<b>Gain (or loss) on disposal</b>		<b>141</b>	1,120
<b>Gain (or loss) on disposal of term deposits</b>	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		<b>14,034</b>	9,080
Less: carrying amount of term deposits sold/redeemed/matured		<b>(14,034)</b>	(9,080)
<b>Gain (or loss) on disposal</b>		<b>–</b>	–
<b>Net gain (or loss) from disposal of assets</b>		<b>(3,059)</b>	(317)

**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 31/05/2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	<b>16,538</b>	<b>16,687</b>	<b>149</b>	<b>1% F</b>
<b>User charges and fees</b> User charges were underbudgeted in the initial adoption of budget.	<b>7,239</b>	<b>9,528</b>	<b>2,289</b>	<b>32% F</b>
<b>Other revenues</b> No income from commercial lease due to lack of business activity in 2022.	<b>1,054</b>	<b>804</b>	<b>(250)</b>	<b>(24)% U</b>
<b>Operating grants and contributions</b> More grants awarded during financial year than the initial budgeted.	<b>8,662</b>	<b>11,230</b>	<b>2,568</b>	<b>30% F</b>
<b>Capital grants and contributions</b> More grants awarded during financial year than the initial budgeted.	<b>7,757</b>	<b>8,773</b>	<b>1,016</b>	<b>13% F</b>
<b>Interest and investment revenue</b> low interest rates in 2022 impacted this revenue item.	<b>184</b>	<b>152</b>	<b>(32)</b>	<b>(17)% U</b>
<b>Other income</b>	<b>–</b>	<b>88</b>	<b>88</b>	<b>∞ F</b>
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	<b>11,480</b>	<b>12,223</b>	<b>(743)</b>	<b>(6)% U</b>
<b>Materials and services</b> Greater expense required to fulfil grant requirements during 2022.	<b>10,452</b>	<b>15,542</b>	<b>(5,090)</b>	<b>(49)% U</b>
<b>Borrowing costs</b>	<b>250</b>	<b>262</b>	<b>(12)</b>	<b>(5)% U</b>
<b>Depreciation, amortisation and impairment of non-financial assets</b> New grant funded assets being capitalized and accruing depreciation.	<b>9,509</b>	<b>11,194</b>	<b>(1,685)</b>	<b>(18)% U</b>
<b>Other expenses</b> As per Code of accounting changed last year, there were several items move to "Material and Services" category. The original budget adopted categories these items in Other expenses.	<b>3,231</b>	<b>1,186</b>	<b>2,045</b>	<b>63% F</b>
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>3,059</b>	<b>(3,059)</b>	<b>∞ U</b>
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	<b>16,269</b>	<b>20,070</b>	<b>3,801</b>	<b>23% F</b>

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## B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Cash flow variance is due to grant funding timing differences.				
<b>Cash flows from investing activities</b>	<b>(16,298)</b>	<b>(20,834)</b>	<b>(4,536)</b>	<b>28% U</b>
Cash flow variance is due to grant funding timing differences.				
<b>Cash flows from financing activities</b>	<b>2,480</b>	<b>(1,275)</b>	<b>(3,755)</b>	<b>(151)% U</b>
Cash flow variance is due to grant funding timing differences.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2022	2021
<b>Cash assets</b>		
Cash at bank and on hand	4,817	625
Deposits at call	3,408	9,639
<b>Total cash and cash equivalents</b>	<b>8,225</b>	<b>10,264</b>
 <b>Reconciliation of cash and cash equivalents</b>		
Total cash and cash equivalents per Statement of Financial Position	8,225	10,264
<b>Balance as per the Statement of Cash Flows</b>	<b>8,225</b>	<b>10,264</b>

#### Accounting policy

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

## C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Debt securities at amortised cost</b>				
Term deposits	14,048	–	8,012	–
<b>Total</b>	<b>14,048</b>	<b>–</b>	<b>8,012</b>	<b>–</b>
<b>Total financial investments</b>	<b>14,048</b>	<b>–</b>	<b>8,012</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>22,273</b>	<b>–</b>	<b>18,276</b>	<b>–</b>

### Accounting policy

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

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

### Financial assets

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

### Classification

On initial recognition, Council classifies its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents and investments in the Statement of Financial Position.

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

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



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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
(a) Externally restricted cash, cash equivalents and investments <sup>1</sup>		
<b>Total cash, cash equivalents and investments</b>	<b>22,273</b>	<b>18,276</b>
Less: Externally restricted cash, cash equivalents and investments	<b>(21,679)</b>	<b>(17,469)</b>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>594</b>	<b>807</b>

(1) Negative Unrestricted Cash. As at 30 June 2022 Council had incurred significant grant funded project expense for which grant funding claims had not yet been evaluated and submitted, and for which payments from State and Commonwealth Govts had not yet been received. Refer Grants Contract Assets \$5,559,000 per Note C1-6. Additionally, Council is undertaking a full review of internally restricted allocations in the course of the 2023 year, with a view to rationalisation of these where possible.

**External restrictions**

Specific purpose unexpended grants – general fund	<b>7,279</b>	4,616
Developer contributions – general	<b>765</b>	291
Water fund	<b>7,100</b>	5,870
Sewer fund	<b>5,318</b>	5,594
Stormwater management	<b>179</b>	60
Domestic waste management	<b>1,038</b>	1,038
<b>Total external restrictions</b>	<b>21,679</b>	<b>17,469</b>

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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
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**(b) Internal allocations****Internal allocations**

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

Plant and vehicle replacement	<b>2,244</b>	1,645
Employees leave entitlement	<b>1,858</b>	1,752
Aerodrome bitumen resurfacing	<b>166</b>	166
Bradman's birthplace	<b>95</b>	83
Cootamundra caravan park	<b>150</b>	132
Development	<b>2,360</b>	1,897
Heritage centre	<b>24</b>	20
Prepaid financial assistance grant	<b>–</b>	2,802
Quarries and pit restoration	<b>557</b>	239
Southern Phone Proceeds	<b>603</b>	780
Cemetery	<b>45</b>	59
Waste Management	<b>2,746</b>	413
Saleyards	<b>18</b>	15
<b>Total internal allocations</b>	<b>10,866</b>	<b>10,003</b>

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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
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**(c) Unrestricted and unallocated**

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>(10,272)</b>	<b>(9,196)</b>
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**C1-4 Receivables**

<b>\$ '000</b>	<b>2022 Current</b>	<b>2022 Non-current</b>	<b>2021 Current</b>	<b>2021 Non-current</b>
Rates and annual charges	885	–	779	–
Interest and extra charges	136	–	134	–
User charges and fees	3,605	–	806	–
Private works	27	–	654	–
Interest on investments	46	–	13	–
Other income accruals	34	–	127	–
Deferred debtors	21	58	94	58
Net GST receivable	723	–	250	–
Other debtors	19	–	35	–
<b>Total</b>	<b>5,496</b>	<b>58</b>	<b>2,892</b>	<b>58</b>
<b>Less: provision for impairment</b>				
User charges and fees	(8)	–	(8)	–
<b>Total provision for impairment – receivables</b>	<b>(8)</b>	<b>–</b>	<b>(8)</b>	<b>–</b>
<b>Total net receivables</b>	<b>5,488</b>	<b>58</b>	<b>2,884</b>	<b>58</b>

**Accounting policy**

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

**Impairment**

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

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

When considering the ECL for rates and annual charges 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.

Credit losses are measured at 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.

Council writes off a 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.

Where 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.

## C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>At cost:</b>				
Real estate (refer to [i] below)	–	824	–	1,081
Stores, materials and trading stock	446	–	621	–
<b>Total inventories</b>	<b>446</b>	<b>824</b>	<b>621</b>	<b>1,081</b>

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Residential		–	824	–	1,081
<b>Total real estate for resale</b>		<b>–</b>	<b>824</b>	<b>–</b>	<b>1,081</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		–	1,081	23	1,302
– Transfer out		312	(257)	–	4
– WDV of sales (expense)	B4-1	(312)	–	(23)	(225)
<b>Total real estate held for sale</b>		<b>–</b>	<b>824</b>	<b>–</b>	<b>1,081</b>

## Accounting policy

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

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

## 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 Contract assets and Contract cost assets

## Contract assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Work relating to grants	5,559	–	10,620	–
<b>Total contract assets</b>	<b>5,559</b>	<b>–</b>	<b>10,620</b>	<b>–</b>

## Significant changes in contract assets

Grant Contract Assets value is due to significant works undertaken for which grant funding milestone claims had not been prepared nor submitted as at 30 June 2022. Council is actively working to acquire these grants and receive this money as demonstrated by the reduction in the asset from 2021.

## Accounting policy

## Contract assets

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

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts

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## C1-6 Contract assets and Contract cost assets (continued)

billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

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

### **Contract cost asset – costs to fulfil a contract**

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

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

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

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital WIP	19,861	–	19,861	–	–	–	–	(14,413)	–	–	–	5,448	–	5,448
Plant and equipment, furniture and fittings	20,740	(11,440)	9,300	–	2,359	(280)	(1,495)	(3)	–	–	–	21,023	(11,142)	9,881
Land	11,709	–	11,709	–	–	–	–	–	–	–	3,027	14,736	–	14,736
Land improvements	693	(252)	441	–	(6)	–	(11)	6	–	–	–	693	(263)	430
<b>Infrastructure:</b>														
Buildings and other structures	56,276	(29,114)	27,162	247	–	(3)	(1,413)	241	–	–	3,021	63,847	(34,592)	29,255
- Roads, bridges and footpaths	383,081	(143,823)	239,258	8,692	–	(1,189)	(5,646)	616	–	–	25,490	429,873	(162,652)	267,221
- Other road assets (incl bulk earthworks)	202,991	–	202,991	83	–	–	–	–	–	–	24,429	227,503	–	227,503
- Stormwater drainage	18,625	(6,682)	11,943	–	618	–	(188)	(7)	–	–	5,368	27,730	(9,996)	17,734
- Water supply network	36,767	(16,010)	20,757	490	–	(234)	(472)	193	–	(842)	–	40,418	(20,526)	19,892
- Sewerage network	52,056	(28,239)	23,817	4,296	–	(3,182)	(414)	13,530	–	–	10,060	73,483	(25,376)	48,107
- Open space/recreational assets	20,687	(9,848)	10,839	1,179	–	(40)	(506)	(163)	–	–	2,895	26,572	(12,368)	14,204
<b>Other assets:</b>														
Other	40	(14)	26	–	–	–	(9)	–	–	–	–	40	(23)	17
- Tip assets	5,193	(164)	5,029	–	–	–	(998)	–	(960)	–	–	4,233	(1,162)	3,071
<b>Total infrastructure, property, plant and equipment</b>	<b>828,719</b>	<b>(245,586)</b>	<b>583,133</b>	<b>14,987</b>	<b>2,971</b>	<b>(4,928)</b>	<b>(11,152)</b>	<b>–</b>	<b>(960)</b>	<b>(842)</b>	<b>74,290</b>	<b>935,599</b>	<b>(278,100)</b>	<b>657,499</b>

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>												
Capital WIP	10,535	—	10,535	5,056	—	—	—	4,270	—	19,861	—	19,861
Plant, equipment, furniture and fittings	19,926	(10,858)	9,068	—	2,025	(341)	(1,433)	(19)	—	20,740	(11,440)	9,300
Land	11,721	—	11,721	—	206	—	—	(224)	6	11,709	—	11,709
Land improvements	509	(238)	271	184	—	—	(14)	—	—	693	(252)	441
<b>Infrastructure:</b>												
– Buildings	54,412	(28,224)	26,188	2,076	2,375	(91)	(1,296)	(2,090)	—	56,276	(29,114)	27,162
– Roads, bridges and footpaths	381,066	(140,409)	240,657	6,614	—	(2,040)	(5,973)	—	—	383,081	(143,823)	239,258
– Other road assets incl bulk earthworks	202,992	—	202,992	—	—	—	—	(1)	—	202,991	—	202,991
– Stormwater drainage	18,531	(6,495)	12,036	—	94	—	(187)	—	—	18,625	(6,682)	11,943
– Water supply network	36,416	(15,498)	20,918	276	—	(123)	(506)	1	191	36,767	(16,010)	20,757
– Sewerage network	51,567	(27,557)	24,010	—	17	—	(430)	(2)	222	52,056	(28,239)	23,817
– Open space/recreational assets	21,282	(9,462)	11,820	—	1,453	(30)	(467)	(1,937)	—	20,687	(9,848)	10,839
Other assets	40	(13)	27	—	—	—	(1)	—	—	40	(14)	26
– Tip assets	670	86	756	4,523	—	—	(250)	—	—	5,193	(164)	5,029
<b>Total infrastructure, property, plant and equipment</b>	<b>809,667</b>	<b>(238,668)</b>	<b>570,999</b>	<b>18,729</b>	<b>6,170</b>	<b>(2,625)</b>	<b>(10,557)</b>	<b>(2)</b>	<b>419</b>	<b>828,719</b>	<b>(245,586)</b>	<b>583,133</b>

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

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

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 20	Playground equipment	5 to 15
Office furniture	5 to 30	Benches, seats etc.	10 to 20
Computer equipment	4 to 10		
Vehicles	5 to 20	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Reservoirs	80 to 100	Drains	70 to 200
Treatment Works	30 to 150	Culverts	100
Reticulation pipes: PVC	70 to 80	Flood control structures	100 to 200
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	15 to 40	Bulk earthworks	infinite
Sealed roads: structure	75 to 240	Swimming pools	60 to 100
Unsealed roads	20	Other open space/recreational assets	5 to 60
Bridge: concrete	80 to 130	Other land improvement assets	20 to 100
Bridge: other	70 to 100		
Road pavements	100		
Kerb, gutter and footpaths	30 to 60		

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

#### Revaluation model

Infrastructure, property, plant and equipment are held at fair value. 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.

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

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### Land under roads

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

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

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 *Property, Plant and Equipment*.

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of 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. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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".

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including buildings, plant and vehicles.



## C1-8 Intangible assets

\$ '000	2022	2021
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	420	420
Accumulated amortisation	(290)	(248)
<b>Net book value – opening balance</b>	<b>130</b>	<b>172</b>
<b>Movements for the year</b>		
Other movements	(1)	1
Amortisation charges	(42)	(43)
<b>Closing values at 30 June</b>		
Gross book value	420	420
Accumulated amortisation	(333)	(290)
<b>Total software – net book value</b>	<b>87</b>	<b>130</b>
<b>Total intangible assets – net book value</b>	<b>87</b>	<b>130</b>

### Accounting policy

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

## C2 Leasing activities

### C2-1 Council as a lessor

#### Operating leases

\$ '000	2022	2021
<b>(i) Assets held as property, plant and equipment</b>		
Council provides operating leases on Council land and buildings for the purposes of agistment, staff housing, health and community services.		
Lease income (excluding variable lease payments not dependent on an index or rate)	88	346
<b>Total income relating to operating leases for Council assets</b>	<b>88</b>	<b>346</b>

#### **(ii) 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	213	201
1–2 years	186	192
2–3 years	182	184
3–4 years	182	180

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**C2-1 Council as a lessor (continued)**

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
4–5 years	<b>171</b>	181
> 5 years	<b>33</b>	34
<b>Total undiscounted lease payments to be received</b>	<b>967</b>	<b>972</b>

**Accounting policy**

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services	3,245	–	2,520	–
Accrued expenses:				
– Borrowings	28	–	35	–
– Salaries and wages	(113)	–	(10)	–
Prepaid rates	670	–	663	–
<b>Total payables</b>	<b>3,830</b>	<b>–</b>	<b>3,208</b>	<b>–</b>

#### Accounting policy

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

#### Payables

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

### C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Funds to construct Council controlled assets (i)	(i)	4,262	–	3,211	–
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15 (ii)	(ii)	707	–	1,156	–
<b>Total contract liabilities</b>		<b>4,969</b>	<b>–</b>	<b>4,367</b>	<b>–</b>

#### Notes

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

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

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

\$ '000	2022	2021
Funds to construct Council controlled assets	2,329	449
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	501	459
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>2,830</b>	<b>908</b>

#### Significant changes in contract liabilities

The value of contract liabilities has remained steady between in the 2022 financial year. The Council is working hard to finalise projects and acquit grants.

#### Accounting policy

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

### C3-3 Borrowings

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured	1,315	6,995	1,275	8,310
<b>Total borrowings</b>	<b>1,315</b>	<b>6,995</b>	<b>1,275</b>	<b>8,310</b>

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

	2021	Non-cash movements					2022
\$ '000	Opening Balance	Drawdown/ Repayment of Principal	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	9,585	(1,275)	–	–	–	–	8,310
<b>Total liabilities from financing activities</b>	<b>9,585</b>	<b>(1,275)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,310</b>

	2020	Non-cash movements					2021
\$ '000	Opening Balance	Drawdown/ Repayment of Principal	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	6,637	(1,052)	4,000	–	–	–	9,585
<b>Total liabilities from financing activities</b>	<b>6,637</b>	<b>(1,052)</b>	<b>4,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,585</b>

**C3-3 Borrowings (continued)****(b) Financing arrangements**

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>Total facilities</b>		
Credit cards/purchase cards	<b>39</b>	47
<b>Total financing arrangements</b>	<b>39</b>	47
<b>Drawn facilities</b>		
– Credit cards/purchase cards	<b>10</b>	12
<b>Total drawn financing arrangements</b>	<b>10</b>	12
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	<b>29</b>	35
<b>Total undrawn financing arrangements</b>	<b>29</b>	35

**Breaches and defaults**

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

**Security over loans**

Loans secured over future cash flows.

**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**

<b>\$ '000</b>	<b>2022 Current</b>	<b>2022 Non-current</b>	<b>2021 Current</b>	<b>2021 Non-current</b>
Annual leave	1,305	–	1,462	–
Long service leave	2,181	341	2,781	433
<b>Total employee benefit provisions</b>	<b>3,486</b>	<b>341</b>	<b>4,243</b>	<b>433</b>

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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,836	4,043
	<b>3,836</b>	<b>4,043</b>

**Accounting policy**

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

**Short-term obligations**

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

**Other long-term employee benefit obligations**

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

**On-costs**

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

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

### C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Asset remediation	–	4,259	–	5,172
<b>Asset remediation/restoration</b>	<b>–</b>	<b>4,259</b>	<b>–</b>	<b>5,172</b>

### Movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2022</b>		
At beginning of year	5,172	5,172
Unwinding of discount	47	47
Derecognition of Provision	(960)	(960)
Total other provisions at end of year	4,259	4,259
<b>2021</b>		
At beginning of year	670	670
Additional provisions	4,502	4,502
Total other provisions at end of year	5,172	5,172

### 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.

### Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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



## D Council structure

### D1 Results by fund

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

## D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>Income from continuing operations</b>			
Rates and annual charges	12,038	2,061	2,588
User charges and fees	6,346	2,658	524
Other revenues	799	5	—
Grants and contributions provided for operating purposes	11,230	—	—
Grants and contributions provided for capital purposes	7,721	—	1,052
Interest and investment income	112	27	13
Other income	88	—	—
<b>Total income from continuing operations</b>	<b>38,334</b>	<b>4,751</b>	<b>4,177</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	11,184	576	463
Materials and services	13,798	1,744	—
Borrowing costs	119	87	56
Depreciation, amortisation and impairment of non-financial assets	10,268	496	430
Other expenses	1,186	—	—
Net losses from the disposal of assets	(359)	234	3,184
<b>Total expenses from continuing operations</b>	<b>36,196</b>	<b>3,137</b>	<b>4,133</b>
<b>Operating result from continuing operations</b>	<b>2,138</b>	<b>1,614</b>	<b>44</b>
<b>Net operating result for the year</b>	<b>2,138</b>	<b>1,614</b>	<b>44</b>
<b>Net operating result attributable to each council fund</b>	<b>2,138</b>	<b>1,614</b>	<b>44</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(5,583)</b>	<b>1,614</b>	<b>(1,008)</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8,225	—	—
Investments	1,630	7,100	5,318
Receivables	4,515	665	308
Inventories	427	19	—
Contract assets and contract cost assets	4,210	—	1,349
<b>Total current assets</b>	<b>19,007</b>	<b>7,784</b>	<b>6,975</b>
<b>Non-current assets</b>			
Receivables	58	—	—
Inventories	824	—	—
Infrastructure, property, plant and equipment	586,889	20,398	50,212
Intangible assets	87	—	—
<b>Total non-current assets</b>	<b>587,858</b>	<b>20,398</b>	<b>50,212</b>
<b>Total assets</b>	<b>606,865</b>	<b>28,182</b>	<b>57,187</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	3,143	10	6
Income received in advance	467	204	—
Contract liabilities	4,969	—	—
Borrowings	557	376	382
Employee benefit provision	3,486	—	—
Income received in advance	—	—	—
<b>Total current liabilities</b>	<b>12,622</b>	<b>590</b>	<b>388</b>
<b>Non-current liabilities</b>			
Borrowings	1,038	2,901	3,056
Employee benefit provision	341	—	—
Provisions	4,259	—	—
<b>Total non-current liabilities</b>	<b>5,638</b>	<b>2,901</b>	<b>3,056</b>
<b>Total liabilities</b>	<b>18,260</b>	<b>3,491</b>	<b>3,444</b>
<b>Net assets</b>	<b>588,605</b>	<b>24,691</b>	<b>53,743</b>
<b>EQUITY</b>			
Accumulated surplus	347,081	22,961	42,347
Revaluation reserves	241,524	1,730	11,396
<b>Council equity interest</b>	<b>588,605</b>	<b>24,691</b>	<b>53,743</b>
<b>Total equity</b>	<b>588,605</b>	<b>24,691</b>	<b>53,743</b>

## E Risks and accounting uncertainties

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

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 Council.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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 the finance team under policies approved by the Councillors.

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

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- 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 a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

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

\$ '000	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	103	120
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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

### (b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

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

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

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

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

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

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.

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
<b>2022</b>				
Gross carrying amount	–	840	45	885
<b>2021</b>				
Gross carrying amount	–	732	47	779

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

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts 31 - 60 days	61 - 90 days	> 91 days	Total
<b>2022</b>						
Gross carrying amount	399	155	77	1,367	532	2,530
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	1.48%	0.31%
ECL provision	–	–	–	–	8	8
<b>2021</b>						
Gross carrying amount	1,732	92	49	29	269	2,171
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.97%	0.37%
ECL provision	–	–	–	–	8	8

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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(i) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2022</b>							
Payables	0.00%	–	4,087	–	–	4,087	4,087
Borrowings	1.77%	–	1,315	4,069	2,926	8,310	8,310
<b>Total financial liabilities</b>		<b>–</b>	<b>5,402</b>	<b>4,069</b>	<b>2,926</b>	<b>12,397</b>	<b>12,397</b>
<b>2021</b>							
Payables	0.00%	–	2,545	–	–	2,545	2,545
Borrowings	1.82%	–	1,275	4,516	3,794	9,585	9,585
<b>Total financial liabilities</b>		<b>–</b>	<b>3,820</b>	<b>4,516</b>	<b>3,794</b>	<b>12,130</b>	<b>12,130</b>

## E2-1 Fair value measurement

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).

Fair value measurement hierarchy									
\$ '000	Notes	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	C1-7								
Plant, equipment, furniture and fittings		30/06/22	30/6/21	–	–	9,881	9,300	9,881	9,300
Operational Land		30/06/18	30/06/18	7,634	6,525	–	–	7,634	6,525
Other Land		30/06/18	30/06/18	–	–	7,532	5,625	7,532	5,625
Buildings and other structures		30/06/18	30/6/18	–	–	29,255	27,162	29,255	27,162
Roads, bridges and footpaths		30/06/20	30/6/20	–	–	267,221	239,258	267,221	239,258
Other road assets incl bulk earthworks		30/06/20	30/6/20	–	–	227,503	202,991	227,503	202,991
Stormwater drainage		30/06/22	30/6/15	–	–	17,734	11,943	17,734	11,943
Water supply network		30/06/22	30/6/17	–	–	19,892	20,757	19,892	20,757
Sewerage network		30/06/22	30/6/17	–	–	48,107	23,817	48,107	23,817
Open space/recreational assets		30/06/18	30/6/18	–	–	14,204	10,839	14,204	10,839
Other assets		12/05/16	12/5/16	–	–	17	26	17	26
Tip restoration asset		30/06/22	30/6/21	–	–	3,071	5,029	3,071	5,029
Total infrastructure, property, plant and equipment				7.634	6.525	644.417	556.747	652.051	563.272

### Non-recurring fair value measurements

### 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.

### Valuation techniques

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

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

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

#### Level 2 Inputs

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## E2-1 Fair value measurement (continued)

### Plant & equipment

It is considered that there is a liquid second hand market for Council's plant & equipment, however, there is subjectivity of prices in this market dependant on the age and condition of the equipment being sold. Plant & equipment are valued at written down value and disclosed at fair value.

### Office equipment & Furniture & fittings

There is a liquid second hand market for these type of assets, but the market is not liquid enough to qualify the assets as valued at level 1. These assets typically have very short useful lives, are held to the end of their economic life and have no residual value. The written down value reflects their value in use rather than their market value and are therefore valued at written down value and disclosed at fair value.

### Operational land

There is an active liquid market for most of Council's operational land, however, the subjectivity of pricing has resulted in this land to be classified as level 2. Operational land has been valued as at 30 June 2018 by an external valuer, Australis, taking into consideration the land characteristics, location, zoning, proximity to services and comparable sales.

### Level 3 Inputs

#### Capital works in progress

These assets are valued at the cost of construction of the asset. As there is no active market for any of the infrastructure assets that are partially constructed, the only valuation is costs, or inputs to the construction work.

#### Community land

Community land has been valued as at 30 June 2018 by an external valuer, Australis, taking into consideration the land characteristics, location, zoning, and proximity to services.

#### Land under roads

Council has elected to only recognise land under roads which was acquired after 30 June 2008. There is no market for land that is currently used for road or road reserve purposes. The NSW Valuer General's valuations of neighbouring land was used to calculate the value of land under roads.

#### Land improvements

There is no active market for sale of land improvements, therefore land improvements are valued at written down value and disclosed at fair value.

#### Buildings & Other structures

Buildings and other structures were valued as at 30 June 2018 by external valuers, Australis. Non-specialised building are valued using a market based approach where an active market could be identified. Other buildings and structures are valued using depreciated replacement cost taking into account the useful lives and condition of the asset.

#### Roads, Bridges, Footpaths, Bulk earthworks & Stormwater drainage

Roads assets were valued using a combination of external valuers and internal professional Council staff. The assets were componentised and valued at the depreciated replacement cost method, taking into account unit rates, useful lives and asset condition.

#### Water supply network & Sewerage network

Council's water and sewer assets were valued by external valuers as at 30 June 2022. The value represents the depreciated replacement cost, taking into account the Crown Lands and Water's (CLAW) reference rates, useful lives, dimension, specification and asset condition. In between full valuations, these assets are indexed annually in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

#### Heritage collection

These assets include memorabilia and collectibles and are valued at written down value based upon cost and are disclosed at fair value.

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## E2-1 Fair value measurement (continued)

There were no changes in valuation techniques from prior years.

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

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

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Capital work in progress	Cost of construction	Cost of materials, wages, plant
Community Land	Land values obtained by the NSW Valuer General	VG land value, land area, rate per sq metre
Land under Roads	Land values obtained by the NSW Valuer General	Adjoining land values based upon VG value, rate per sq metre
Land improvements	Depreciated replacement cost used to approximate fair value	Purchase price, useful life
Buildings & other structure	Combination of market value and depreciated replacement cost used to approximate fair value	Cost, unit rates, useful life, asset condition
Roads assets	Depreciated replacement cost used to approximate fair value	Unit rates, useful life, asset condition, replacement cost
Water & sewer	Depreciated replacement cost used to approximate fair value	Unit rates, useful life, asset condition, replacement cost
Heritage collection	Depreciated replacement cost used to approximate fair value	Cost, useful life

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

	Total IPP&E	
\$ '000	2022	2021
<b>Opening balance</b>	<b>556,747</b>	549,074
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	<b>72,339</b>	–
<b>Other movements</b>		
Purchases (GBV)	<b>26,483</b>	16,797
Depreciation and impairment	<b>(11,152)</b>	(9,124)
<b>Closing balance</b>	<b>644,417</b>	556,747

### 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

### 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% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

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

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 \$91,138.48. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$79,864.20.

### E3-1 Contingencies (continued)

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.22%

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

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

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

\* Plus promotional increases

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

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

## F People and relationships

### F1 Related party disclosures

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

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

\$ '000	2022	2021
<b>Compensation:</b>		
Short-term benefits	501	576
Post-employment benefits	30	41
Other long-term benefits	7	–
Termination benefits	214	–
<b>Total</b>	<b>752</b>	<b>617</b>

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

Council has determined that transactions at arm's length between KMP and Council as part of 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	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
<b>\$ '000</b>					
<b>2022</b>					
Supply of new motor vehicles and motor vehicle servicing	75	–	At arm's length, normal commercial terms.	–	–
Supply of stationery, office supplies and newspapers	–	–	At arm's length, normal commercial terms.	–	–
<b>2021</b>					
Supply of new motor vehicles and motor vehicle servicing	249	–	At arm's length, normal commercial terms.	–	–
Supply of stationery, office supplies and newspapers	–	–	At arm's length, normal commercial terms.	–	–

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

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
----------------	-------------	-------------

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

Mayoral fee	<b>25</b>	26
Councillors' fees	<b>98</b>	106
Councillors' (including Mayor) expenses	<b>62</b>	27
<b>Total</b>	<b>185</b>	<b>159</b>

Cootamundra-Gundagai Regional Council | Notes to the Financial Statements 30 June 2022

**F2 Other relationships****F2-1 Audit fees**

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>Audit and other assurance services: Auditors of NSW Council - NSW Auditor General:</b>		
Audit of financial statements	<b>95</b>	82
<b>Total fees paid or payable to Auditor-General</b>	<b>95</b>	<b>82</b>
 <b>Total audit fees</b>	 <b>95</b>	 <b>82</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	<b>3,796</b>	9,763
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	11,194	10,600
(Gain) / loss on disposal of assets	3,059	317
Unwinding of discount rates on reinstatement provisions	47	—
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(2,677)	(657)
(Increase) / decrease of inventories	175	177
(Increase) / decrease of contract asset	5,061	(5,050)
Increase / (decrease) in payables	725	(642)
Increase / (decrease) in accrued interest payable	(7)	(2)
Increase / (decrease) in other accrued expenses payable	(103)	(115)
Increase / (decrease) in other liabilities	7	121
Increase / (decrease) in contract liabilities	602	1,857
Increase / (decrease) in employee benefit provision	(849)	62
Increase / (decrease) in other provisions	(960)	4,502
<b>Net cash flows from operating activities</b>	<b>20,070</b>	<b>20,933</b>

## G2-1 Events occurring after the reporting date

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Council is aware of the following 'non-adjusting events' that merit disclosure:

### **Natural Disasters**

Cootamundra-Gundagai Regional Council was declared a natural disaster area twice after 30 June 2022; AGRN 1030 in August 2022 and 1034 in September 2022. Both events were due to severe weather and flooding.

Council's road network has been damaged by these events. Council is working with Damage Control Project Management Pty Ltd and Transport for NSW to evaluate the damage and will submit flood damage claims for the restoration works. It is expected that these claims will be approved and the works will be fully funded. Council has so far received \$1m of funding from Transport for NSW for emergency maintenance costs. The cost of the restoration works required to restore Council's road network has not been recognised in these financial statements.

### **Cootamundra-Gundagai Regional Council Demerger**

The NSW Government is proceeding with the demerger of Cootamundra-Gundagai Regional Council, in line with the recommendations of the Local Government Boundaries Commission.

As part of this process, the Office of Local Government (OLG) has developed a Roadmap outlining the steps involved in the demerger. It is anticipated that Council elections for the de-amalgamated shires will be held in line with the local government general elections in September 2024.

The financial statements for the year ended 30 June 2022 have been prepared on a going concern basis.



### G3 Statement of developer contributions as at 30 June 2022

#### G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>S7.12 levies – under a plan</b>	291	354	–	–	(58)	–	587	–
<b>Total S7.11 and S7.12 revenue under plans</b>	291	354	–	–	(58)	–	587	–
S64 contributions	–	178	–	–	–	–	178	–
<b>Total contributions</b>	291	532	–	–	(58)	–	765	–

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

#### S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN FOR OTHER DEVELOPMENTS								
Community facilities	291	354	—	—	(58)	—	587	—
Total	291	354	—	—	(58)	—	587	—

## G4 Statement of performance measures

### G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021      2020		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	<b>(1,918)</b>	<b>(4.98)%</b>	(15.31)%	(19.45)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>38,489</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>27,259</b>	<b>57.68%</b>	49.62%	56.88%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>47,262</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>9,746</b>	<b>6.47x</b>	5.00x	2.91x	> 1.50x
Current liabilities less specific purpose liabilities	<b>1,507</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>9,538</b>	<b>6.21x</b>	4.55x	5.27x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,537</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>1,021</b>	<b>5.77%</b>	5.91%	6.09%	< 10.00%
Rates and annual charges collectable	<b>17,696</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>22,273</b>	<b>8.50 months</b>	9.08 months	6.66 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>2,622</b>				

(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, impairment losses on receivables, net loss on disposal of assets, and net less on share of interests in joint ventures and associates using the equity method

## G4-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		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 <sup>1,2</sup>	(8.24)%	(26.07)%	33.97%	11.28%	(32.26)%	34.44%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	50.56%	50.60%	100.00%	100.00%	74.81%	26.28%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
3. Unrestricted current ratio							
Current assets less all external restrictions	6.47x	5.00x	13.19x	9.38x	17.98x	5.74x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	5.64x	2.78x	25.25x	11.92x	(9.32)x	41.61x	> 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	7.83%	8.28%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	8.50 months	9.08 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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, impairment losses on receivables, net loss on disposal of assets, and net less on share of interests in joint ventures and associates using the equity method

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Cootamundra-Gundagai Regional Council | Notes to the Financial Statements 30 June 2022

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**End of the audited financial statements**

## H Additional Council disclosures

### H1-1 Council information and contact details

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**Principal place of business:**

81 Wallendoon Street  
Cootamundra NSW 2590

**Contact details****Mailing Address:**

PO Box 420  
Cootamundra NSW 2590

**Telephone:** 02 6940 2100

**Facsimile:** 02 6940 2127

**Opening hours:**

9am - 5:00pm  
Monday to Friday

**Internet:** [www.cgrc.nsw.gov.au](http://www.cgrc.nsw.gov.au)

**Email:** [mail@cgrc.nsw.gov.au](mailto:mail@cgrc.nsw.gov.au)

**Officers****General Manager**

Steve McGrath

**Responsible Accounting Officer**

Zac Mahon

**Elected members****Mayor**

Charlie Sheahan

**Councillors**

Leigh Bowden (Deputy Mayor)

Abb McAlister

David Graham

Gil Kelly

Penny Nicholson

Logan Collins

Les Boyd

Trevor Glover

## Cootamundra-Gundagai Regional Council

### General Purpose Financial Statements

for the year ended 30 June 2022

#### Independent Auditor's Reports:

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#### On the Financial Statements (Sect 417 [2])

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

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

Cootamundra-Gundagai Regional Council | Notes to the Financial Statements 30 June 2022

## Cootamundra-Gundagai Regional Council

### General Purpose Financial Statements

for the year ended 30 June 2022

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

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#### On the Financial Statements (Sect 417 [3])

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

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

# Cootamundra-Gundagai Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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## Cootamundra-Gundagai Regional 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).

## Cootamundra-Gundagai Regional Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

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#### 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 28 March 2023.**

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Leigh Bowden

**Deputy Mayor**

28 March 2023

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David Graham

**Councillor**

28 March 2023

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Steve McGrath

**General Manager**

28 March 2023

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Zac Mahon

**Responsible Accounting Officer**

28 March 2023

Cootamundra-Gundagai Regional Council | Income Statement of water supply business activity | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional Council

Income Statement of water supply business activity  
for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	2,061	1,956
User charges	2,591	2,563
Fees	67	34
Interest and investment income	27	31
Net gain from the disposal of assets	–	18
Other income	5	6
<b>Total income from continuing operations</b>	<b>4,751</b>	<b>4,608</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	576	591
Borrowing costs	87	95
Materials and services	168	868
Depreciation, amortisation and impairment	496	517
Water purchase charges	1,576	1,585
Net loss from the disposal of assets	234	123
Other expenses	–	309
<b>Total expenses from continuing operations</b>	<b>3,137</b>	<b>4,088</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,614</b>	<b>520</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,614</b>	<b>520</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,614</b>	<b>520</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(404)	(135)
<b>Surplus (deficit) after tax</b>	<b>1,210</b>	<b>385</b>
<b>Plus accumulated surplus</b>	<b>21,347</b>	<b>20,827</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	404	135
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>22,961</b>	<b>21,347</b>
<b>Return on capital %</b>	<b>8.3%</b>	<b>2.9%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,211	385
<b>Surplus for dividend calculation purposes</b>	<b>1,211</b>	<b>385</b>
<b>Potential dividend calculated from surplus</b>	<b>605</b>	<b>193</b>

Cootamundra-Gundagai Regional Council | Income Statement of sewerage business activity | for the year ended 30 June 2022

**Cootamundra-Gundagai Regional Council****Income Statement of sewerage business activity**  
for the year ended 30 June 2022

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>Income from continuing operations</b>		
Access charges	2,588	2,457
User charges	479	458
Fees	45	29
Interest and investment income	13	21
<b>Total income from continuing operations</b>	<b>3,125</b>	<b>2,965</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	463	531
Borrowing costs	56	36
Materials and services	–	748
Depreciation, amortisation and impairment	430	441
Net loss from the disposal of assets	3,184	–
Other expenses	–	188
<b>Total expenses from continuing operations</b>	<b>4,133</b>	<b>1,944</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,008)</b>	<b>1,021</b>
Grants and contributions provided for capital purposes	1,052	8,319
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>44</b>	<b>9,340</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>44</b>	<b>9,340</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(265)
<b>Surplus (deficit) after tax</b>	<b>44</b>	<b>9,075</b>
<b>Plus accumulated surplus</b>	<b>42,303</b>	<b>32,963</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	265
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>42,347</b>	<b>42,303</b>
<b>Return on capital %</b>	<b>(1.9)%</b>	<b>2.7%</b>
<b>Subsidy from Council</b>	<b>2,790</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	44	9,075
Less: capital grants and contributions (excluding developer contributions)	(1,052)	(8,319)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>756</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>378</b>

Cootamundra-Gundagai Regional Council | Statement of Financial Position of water supply business activity | for the year ended 30 June 2022

**Cootamundra-Gundagai Regional Council****Statement of Financial Position of water supply business activity**

as at 30 June 2022

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	7,100	5,870
Receivables	665	609
Inventories	19	14
<b>Total current assets</b>	<b>7,784</b>	<b>6,493</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	20,398	21,356
<b>Total non-current assets</b>	<b>20,398</b>	<b>21,356</b>
<b>Total assets</b>	<b>28,182</b>	<b>27,849</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	10	153
Income received in advance	204	173
Borrowings	376	366
<b>Total current liabilities</b>	<b>590</b>	<b>692</b>
<b>Non-current liabilities</b>		
Borrowings	2,901	3,277
<b>Total non-current liabilities</b>	<b>2,901</b>	<b>3,277</b>
<b>Total liabilities</b>	<b>3,491</b>	<b>3,969</b>
<b>Net assets</b>	<b>24,691</b>	<b>23,880</b>
<b>EQUITY</b>		
Accumulated surplus	22,961	21,347
Revaluation reserves	1,730	2,533
<b>Total equity</b>	<b>24,691</b>	<b>23,880</b>

Cootamundra-Gundagai Regional Council | Statement of Financial Position of sewerage business activity | for the year ended 30 June 2022

**Cootamundra-Gundagai Regional Council****Statement of Financial Position of sewerage business activity**

as at 30 June 2022

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets and contract cost assets	1,349	3,397
Investments	5,318	5,594
Receivables	308	284
<b>Total current assets</b>	<b>6,975</b>	<b>9,275</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	50,212	39,345
<b>Total non-current assets</b>	<b>50,212</b>	<b>39,345</b>
<b>Total assets</b>	<b>57,187</b>	<b>48,620</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	6	1,240
Borrowings	382	376
<b>Total current liabilities</b>	<b>388</b>	<b>1,616</b>
<b>Non-current liabilities</b>		
Borrowings	3,056	3,437
<b>Total non-current liabilities</b>	<b>3,056</b>	<b>3,437</b>
<b>Total liabilities</b>	<b>3,444</b>	<b>5,053</b>
<b>Net assets</b>	<b>53,743</b>	<b>43,567</b>
<b>EQUITY</b>		
Accumulated surplus	42,347	42,303
Revaluation reserves	11,396	1,264
<b>Total equity</b>	<b>53,743</b>	<b>43,567</b>

## Note – Significant Accounting Policies

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

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, 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)

##### a. Water Supplies

The supply of potable water to the residents of Cootamundra and Gundagai townships.

##### b. Sewerage Treatment

The provision of sewerage facilities and services to the residents of the Cootamundra and Gundagai townships.

#### Category 2

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

**Council has no category 2 business activities.**

### Taxation equivalent charges

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

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

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

## Note – Significant Accounting Policies (continued)

### Notional rate applied (%)

Corporate income tax rate – **25.0% (20/21 26%)**

Land tax – the first \$734,000 of combined land values attracts **0%**. For the combined land values in excess of \$734,001 up to \$4,488,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,488,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$900,000.

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 Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

### Income tax

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

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

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

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

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

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

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

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

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

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



## Note – Significant Accounting Policies (continued)

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The rate of return is calculated as follows:

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### Operating result before capital income + interest expense

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

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

#### (iii) Dividends

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

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

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

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

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

Cootamundra-Gundagai Regional Council | Special Purpose Financial Statements 2022

## Cootamundra-Gundagai Regional Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

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# Cootamundra-Gundagai Regional Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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## Cootamundra-Gundagai Regional Council

### Special Schedules

for the year ended 30 June 2022

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Cootamundra-Gundagai Regional Council | Permissible income for general rates | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	7,654	<b>9,215</b>
Plus or minus adjustments <sup>2</sup>	b	26	<b>9</b>
<b>Notional general income</b>	c = a + b	<b>7,680</b>	<b>9,224</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	20.00%	<b>16.00%</b>
Plus special variation amount	h = d x (c + g)	1,536	<b>1,476</b>
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>9,216</b>	<b>10,700</b>
Plus (or minus) last year's carry forward total	l	(2)	<b>(1)</b>
<b>Sub-total</b>	n = (l + m)	<b>(2)</b>	<b>(1)</b>
<b>Total permissible income</b>	o = k + n	<b>9,214</b>	<b>10,699</b>
Less notional general income yield	p	9,215	<b>10,697</b>
<b>Catch-up or (excess) result</b>	q = o - p	<b>(1)</b>	<b>2</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>(1)</b>	<b>2</b>

## Notes

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

Cootamundra-Gundagai Regional Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional Council

### Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance <sup>a</sup>	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
<b>Buildings</b>	Buildings - non-specialised	621	621	—	145	1,274	2,895	15.0%	27.0%	24.0%	31.0%	3.0%
	Buildings - specialised	461	461	—	678	21,118	49,019	20.0%	10.0%	29.0%	33.0%	8.0%
	Other structures	19	19	—	129	6,863	11,933	30.0%	18.0%	41.0%	9.0%	2.0%
	<b>Sub-total</b>	<b>1,101</b>	<b>1,101</b>	<b>—</b>	<b>952</b>	<b>29,255</b>	<b>63,847</b>	<b>21.6%</b>	<b>12.3%</b>	<b>31.0%</b>	<b>28.4%</b>	<b>6.7%</b>
	<b>Sub-total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed roads	109	109	—	1,590	171,132	268,671	67.0%	19.0%	14.0%	0.0%	0.0%
	Unsealed roads	632	632	—	908	30,434	37,584	88.0%	6.0%	4.0%	2.0%	0.0%
	Bridges	1,851	1,851	—	33	41,131	77,426	34.0%	42.0%	19.0%	3.0%	2.0%
	Footpaths	44	44	—	224	5,126	8,031	42.0%	43.0%	13.0%	1.0%	1.0%
	Kerb & gutter	808	808	—	75	19,398	38,161	27.0%	37.0%	26.0%	10.0%	0.0%
	Bulk earthworks	—	—	—	845	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	—	—	—	—	227,503	227,503	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>3,444</b>	<b>3,444</b>	<b>—</b>	<b>3,675</b>	<b>494,724</b>	<b>657,376</b>	<b>73.1%</b>	<b>15.7%</b>	<b>9.9%</b>	<b>1.1%</b>	<b>0.2%</b>
<b>Water supply network</b>	Water supply network	9,688	9,688	—	286	19,892	40,418	19.0%	10.0%	25.0%	27.0%	19.0%
	<b>Sub-total</b>	<b>9,688</b>	<b>9,688</b>	<b>—</b>	<b>286</b>	<b>19,892</b>	<b>40,418</b>	<b>19.0%</b>	<b>10.0%</b>	<b>25.0%</b>	<b>27.0%</b>	<b>19.0%</b>
<b>Sewerage network</b>	Sewerage network	7,519	7,519	—	525	48,107	73,483	37.0%	4.0%	41.0%	12.0%	6.0%
	<b>Sub-total</b>	<b>7,519</b>	<b>7,519</b>	<b>—</b>	<b>525</b>	<b>48,107</b>	<b>73,483</b>	<b>37.0%</b>	<b>4.0%</b>	<b>41.0%</b>	<b>12.0%</b>	<b>6.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	—	—	—	211	17,734	27,730	29.0%	19.0%	52.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>211</b>	<b>17,734</b>	<b>27,730</b>	<b>29.0%</b>	<b>19.0%</b>	<b>52.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Other	13	13	—	976	7,690	14,524	14.0%	19.0%	47.0%	19.0%	1.0%
	Swimming Pools	—	—	—	39	6,514	12,048	31.0%	30.0%	18.0%	21.0%	0.0%
	<b>Sub-total</b>	<b>13</b>	<b>13</b>	<b>—</b>	<b>1,015</b>	<b>14,204</b>	<b>26,572</b>	<b>21.7%</b>	<b>24.0%</b>	<b>33.9%</b>	<b>19.9%</b>	<b>0.5%</b>
<b>Total – all assets</b>		<b>21,765</b>	<b>21,765</b>	<b>—</b>	<b>6,664</b>	<b>623,916</b>	<b>889,426</b>	<b>61.1%</b>	<b>14.6%</b>	<b>16.7%</b>	<b>5.6%</b>	<b>2.0%</b>

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

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Cootamundra-Gundagai Regional Council

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

Infrastructure asset condition assessment 'key'

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

Cootamundra-Gundagai Regional Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional Council

### Report on infrastructure assets as at 30 June 2022

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>	29,404	340.36%	154.34%	162.48%	>= 100.00%
Depreciation, amortisation and impairment	8,639				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	21,765	3.49%	4.26%	4.03%	< 2.00%
Net carrying amount of infrastructure assets	623,916				
Asset maintenance ratio					
Actual asset maintenance	6,664	∞	∞	∞	> 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	21,765	2.45%	3.08%	2.89%	
Gross replacement cost	889,426				

(\*) 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.



Cootamundra-Gundagai Regional Council | Report on infrastructure assets as at 30 June 2022 | for the year ended 30 June 2022

## Cootamundra-Gundagai Regional 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 <sup>1</sup>	∞	∞	∞	∞	∞	∞	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	0.81%	0.89%	48.70%	45.99%	15.63%	40.42%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	∞	∞	∞	∞	∞	∞	> 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	0.59%	0.67%	23.97%	25.96%	10.23%	18.49%	
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.