

# Cabonne Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

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*“Cabonne Council is committed to providing sustainable local government to our rural communities through consultation and sound financial management which will ensure equitable resource allocation.”*



# Cabonne Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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*“Cabonne Council is committed to providing sustainable local government to our rural communities through consultation and sound financial management which will ensure equitable resource allocation.”*



# Cabonne Council

## General Purpose Financial Statements

for the year ended 30 June 2022

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Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Primary Financial Statements:</b>	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
<b>Notes to the Financial Statements</b>	<b>9</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	80
On the Financial Statements (Sect 417 [3])	85

# Cabonne Council

## General Purpose Financial Statements

for the year ended 30 June 2022

### Statement by Councillors and Management

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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 these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 22 November 2022.



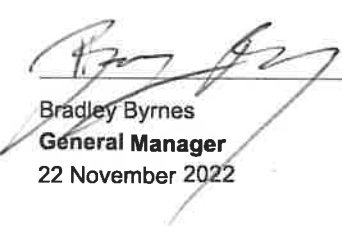
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Kevin Beatty  
**Mayor**  
22 November 2022



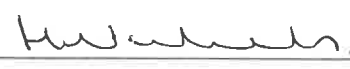
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Jamie Jones  
**Deputy Mayor**  
22 November 2022



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Bradley Byrnes  
**General Manager**  
22 November 2022



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Heather Nicholls  
**Responsible Accounting Officer**  
22 November 2022

## Cabonne 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>				
15,436	Rates and annual charges	B2-1	<b>15,347</b>	14,932
12,667	User charges and fees	B2-2	<b>9,472</b>	6,160
458	Other revenues	B2-3	<b>1,076</b>	442
11,419	Grants and contributions provided for operating purposes	B2-4	<b>13,913</b>	11,143
8,797	Grants and contributions provided for capital purposes	B2-4	<b>9,227</b>	9,990
350	Interest and investment income	B2-5	<b>231</b>	322
–	Other income	B2-6	<b>641</b>	364
300	Net gain from the disposal of assets	B4-1	<b>–</b>	725
<b>49,427</b>	<b>Total income from continuing operations</b>		<b>49,907</b>	<b>44,078</b>
<b>Expenses from continuing operations</b>				
14,583	Employee benefits and on-costs	B3-1	<b>13,669</b>	14,279
18,931	Materials and services	B3-2	<b>17,623</b>	11,736
133	Borrowing costs	B3-3	<b>129</b>	94
11,968	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>12,544</b>	12,472
701	Other expenses	B3-5	<b>545</b>	554
–	Net loss from the disposal of assets	B4-1	<b>557</b>	–
<b>46,316</b>	<b>Total expenses from continuing operations</b>		<b>45,067</b>	<b>39,135</b>
<b>3,111</b>	<b>Operating result from continuing operations</b>		<b>4,840</b>	<b>4,943</b>
<b>3,111</b>	<b>Net operating result for the year attributable to Council</b>		<b>4,840</b>	<b>4,943</b>
<b>(5,686)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(4,387)</b>	<b>(5,047)</b>

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

## Cabonne 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>4,840</b>	<b>4,943</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>54,617</b>	3,260
Other comprehensive income – joint ventures and associates		<b>4,754</b>	238
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>59,371</b>	3,498
<b>Total other comprehensive income for the year</b>		<b>59,371</b>	3,498
<b>Total comprehensive income for the year attributable to Council</b>		<b>64,211</b>	8,441

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

## Cabonne 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	10,683	14,440
Investments	C1-2	34,000	31,000
Receivables	C1-4	4,226	2,787
Inventories	C1-5	733	870
Contract assets and contract cost assets	C1-6	4,436	2,956
Other		58	75
<b>Total current assets</b>		<b>54,136</b>	<b>52,128</b>
<b>Non-current assets</b>			
Receivables	C1-4	925	938
Inventories	C1-5	41	41
Infrastructure, property, plant and equipment (IPPE)	C1-7	633,058	576,796
Intangible assets	C1-8	125	173
Investments accounted for using the equity method	D2-3	34,725	29,548
Other		282	282
<b>Total non-current assets</b>		<b>669,156</b>	<b>607,778</b>
<b>Total assets</b>		<b>723,292</b>	<b>659,906</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	4,242	3,420
Contract liabilities	C3-2	2,998	4,089
Borrowings	C3-3	1,403	146
Employee benefit provisions	C3-4	3,117	3,460
<b>Total current liabilities</b>		<b>11,760</b>	<b>11,115</b>
<b>Non-current liabilities</b>			
Payables	C3-1	65	60
Borrowings	C3-3	-	1,403
Provisions	C3-5	2,705	2,777
<b>Total non-current liabilities</b>		<b>2,770</b>	<b>4,240</b>
<b>Total liabilities</b>		<b>14,530</b>	<b>15,355</b>
<b>Net assets</b>		<b>708,762</b>	<b>644,551</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	395,786	386,192
IPPE revaluation reserve	C4-1	312,976	258,359
<b>Council equity interest</b>		<b>708,762</b>	<b>644,551</b>
<b>Total equity</b>		<b>708,762</b>	<b>644,551</b>

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

## Cabonne 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		386,192	258,359	644,551	381,011	255,099	636,110
Net operating result for the year		4,840	–	4,840	4,943	–	4,943
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	54,617	54,617	–	3,260	3,260
Joint ventures and associates		4,754	–	4,754	238	–	238
<b>Other comprehensive income</b>		<b>4,754</b>	<b>54,617</b>	<b>59,371</b>	<b>238</b>	<b>3,260</b>	<b>3,498</b>
<b>Total comprehensive income</b>		<b>9,594</b>	<b>54,617</b>	<b>64,211</b>	<b>5,181</b>	<b>3,260</b>	<b>8,441</b>
<b>Closing balance at 30 June</b>		<b>395,786</b>	<b>312,976</b>	<b>708,762</b>	<b>386,192</b>	<b>258,359</b>	<b>644,551</b>

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



## Cabonne 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>				
<i>Receipts:</i>				
15,436	Rates and annual charges		15,417	14,995
12,667	User charges and fees		10,261	6,640
350	Interest received		174	489
20,216	Grants and contributions		19,178	24,117
–	Bonds, deposits and retentions received		4	200
458	Other		6,687	6,266
<i>Payments:</i>				
(14,583)	Payments to employees		(16,775)	(11,681)
(22,618)	Payments for materials and services		(20,033)	(16,348)
(133)	Borrowing costs		(257)	(94)
(5,836)	Other		(955)	(5,198)
5,957	<b>Net cash flows from operating activities</b>	G1-1	<b>13,701</b>	<b>19,386</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investments		49,750	64,750
–	Sale of real estate assets		299	113
300	Proceeds from sale of IPPE		439	1,403
–	Deferred debtors receipts		111	42
<i>Payments:</i>				
–	Purchase of investments		(49,750)	(58,750)
–	Acquisition of term deposits		(3,000)	–
(24,809)	Payments for IPPE		(15,161)	(22,216)
–	Purchase of intangible assets		–	(78)
(24,509)	<b>Net cash flows from investing activities</b>		<b>(17,312)</b>	<b>(14,736)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
145	Repayment of borrowings		(146)	(137)
145	<b>Net cash flows from financing activities</b>		<b>(146)</b>	<b>(137)</b>
(18,407)	<b>Net change in cash and cash equivalents</b>		<b>(3,757)</b>	<b>4,513</b>
14,000	Cash and cash equivalents at beginning of year		14,440	9,927
(4,407)	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>10,683</b>	<b>14,440</b>
34,000	plus: Investments on hand at end of year	C1-2	34,000	31,000
29,593	<b>Total cash, cash equivalents and investments</b>		<b>44,683</b>	<b>45,440</b>

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

# Cabonne Council

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

<b>A About Council and these financial statements</b>	<b>11</b>
A1-1 Basis of preparation	11
<b>B Financial Performance</b>	<b>15</b>
<b>B1 Functions or activities</b>	<b>15</b>
B1-1 Functions or activities – income, expenses and assets	15
B1-2 Components of functions or activities	16
<b>B2 Sources of income</b>	<b>17</b>
B2-1 Rates and annual charges	17
B2-2 User charges and fees	18
B2-3 Other revenues	19
B2-4 Grants and contributions	20
B2-5 Interest and investment income	24
B2-6 Other income	24
<b>B3 Costs of providing services</b>	<b>25</b>
B3-1 Employee benefits and on-costs	25
B3-2 Materials and services	26
B3-3 Borrowing costs	27
B3-4 Depreciation, amortisation and impairment of non-financial assets	28
B3-5 Other expenses	30
<b>B4 Gains or losses</b>	<b>31</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	31
<b>B5 Performance against budget</b>	<b>32</b>
B5-1 Material budget variations	32
<b>C Financial position</b>	<b>33</b>
<b>C1 Assets we manage</b>	<b>33</b>
C1-1 Cash and cash equivalents	33
C1-2 Financial investments	33
C1-3 Restricted and allocated cash, cash equivalents and investments	35
C1-4 Receivables	37
C1-5 Inventories	39
C1-6 Contract assets	40
C1-7 Infrastructure, property, plant and equipment	41
C1-8 Intangible assets	44
<b>C2 Leasing activities</b>	<b>45</b>
C2-1 Council as a lessor	45
<b>C3 Liabilities of Council</b>	<b>46</b>
C3-1 Payables	46
C3-2 Contract Liabilities	47
C3-3 Borrowings	48
C3-4 Employee benefit provisions	50
C3-5 Provisions	51
<b>C4 Reserves</b>	<b>53</b>

# Cabonne Council

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

C4-1 Nature and purpose of reserves	53
<b>D Council structure</b>	<b>54</b>
<b>D1 Results by fund</b>	<b>54</b>
D1-1 Income Statement by fund	54
D1-2 Statement of Financial Position by fund	55
<b>D2 Interests in other entities</b>	<b>56</b>
D2-1 Interests in associates	56
D2-2 Unconsolidated structured entities	58
D2-3 Subsidiaries, joint arrangements and associates not recognised	58
<b>E Risks and accounting uncertainties</b>	<b>59</b>
E1-1 Risks relating to financial instruments held	59
E2-1 Fair value measurement	62
E3-1 Contingencies	66
<b>F People and relationships</b>	<b>69</b>
<b>F1 Related party disclosures</b>	<b>69</b>
F1-1 Key management personnel (KMP)	69
F1-2 Councillor and Mayoral fees and associated expenses	70
F1-3 Other related parties	71
<b>F2 Other relationships</b>	<b>72</b>
F2-1 Audit fees	72
<b>G Other matters</b>	<b>73</b>
G1-1 Statement of Cash Flows information	73
G2-1 Commitments	74
G3-1 Events occurring after the reporting date	74
<b>G4 Statement of developer contributions as at 30 June 2022</b>	<b>75</b>
G4-1 Summary of developer contributions	75
G4-2 Developer contributions by plan	75
<b>G5 Statement of performance measures</b>	<b>76</b>
G5-1 Statement of performance measures – consolidated results	76
G5-2 Statement of performance measures by fund	77
<b>H Additional Council disclosures (unaudited)</b>	<b>79</b>
H1-1 Council information and contact details	79

## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 22 November 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note E2-1
- (ii) estimated 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

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

## **Monies and other assets received by Council**

### **The Consolidated Fund**

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

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

- General purpose operations
- Water service
- Sewerage services
- Age of Fishes Museum and Information Centre

## A1-1 Basis of preparation (continued)

### The Trust Fund

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council has considered the various forms of volunteer services received and cannot measure the value of the volunteer services reliably. Therefore, volunteer services are not recognised in Other Income and corresponding Other Expenses.

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

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

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

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

#### Pronouncement

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current  
AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

#### Nature of change in accounting policy

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

#### Effective date

Annual reporting period beginning on or after 1 January 2023 (i.e. year ended 30 June 2024).

#### Expected impact on Council's financial statements

Little impact expected. Council will consider the appropriate classification of liabilities as current or non-current.

#### Pronouncement

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

#### Nature of change in accounting policy

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

#### Effective date

Annual reporting period beginning on or after 1 January 2022 (i.e. year ended 30 June 2023)

## A1-1 Basis of preparation (continued)

### Expected impact on Council's financial statements

Little or no impact expected.

### Pronouncement

AASB2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. AASB2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128. AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

### Nature of change in accounting policy

The amendments address an acknowledged inconsistency between the requirements in AASB10, and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB2015-10 has delayed the effective date of this standard. AASB 2017-5 defers the effective date of AASB 2014-10 to 1 January 2022

### Effective date

Annual reporting period beginning on or after 1 January 2022 (i.e. year ended 30 June 2023)

### Expected impact on Council's financial statements

Little Impact expected. This will only impact on council where there has been a sale or contribution of assets between the Council and the Joint Venture.

### Pronouncement

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

### Nature of change in accounting policy

This Standard amends a number of standards as follows: AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies; AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

### Effective date

Annual reporting period beginning on or after 1 January 2023 (i.e. year ended 30 June 2024)

### Expected impact on Council's financial statements

No impact on reported financial performance or position.

## New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2021. None of these standards had a significant impact on reported position performance.

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2
- AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments
- AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]
- AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities – note: not relevant for Councils and early adopted at 30 June 2021 for JOs.

## A1-1 Basis of preparation (continued)

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- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities – note: not relevant for Councils or JOs
- AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Notfor-Profit Entities

### COVID-19 Impacts

During the 2022 financial year, Covid-19 has continued to cause disruption to Council's normal business activities. The disruptions have included:

- Staff absences and staff working from home due to isolation requirements;
- Challenges and delays in sourcing and procuring certain goods and services (imported products in particular ie plant and equipment);
- Delays in completing projects and additional material costs.

Rate collections and other receivables have not been significantly impacted.

Council is not able to assess or estimate with any degree of accuracy the financial impact of Covid-19 but is expecting the impact will continue to subside with the continued lifting of restrictions by the various government bodies.

## 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
<b>Functions or activities</b>										
Connect Cabonne to each other and the World	19,764	15,742	21,428	14,736	(1,664)	1,006	13,008	12,205	420,000	400,000
Build Business and Generate employment	188	240	1,131	911	(943)	(671)	15	36	822	350
Provide and develop Community facilities	3,643	2,340	6,117	5,535	(2,474)	(3,195)	2,819	1,122	79,000	75,000
Grow Cabonne Culture and Community	17,996	17,880	7,208	9,377	10,788	8,503	5,740	5,319	74,000	70,000
Manage our Natural Resources	8,316	7,876	9,183	8,576	(867)	(700)	1,558	2,451	125,000	114,556
Other	-	-	-	-	-	-	-	-	24,470	-
<b>Total functions and activities</b>	<b>49,907</b>	<b>44,078</b>	<b>45,067</b>	<b>39,135</b>	<b>4,840</b>	<b>4,943</b>	<b>23,140</b>	<b>21,133</b>	<b>723,292</b>	<b>659,906</b>



## B1-2 Components of functions or activities

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

### Connect Cabonne to each other and the World

To provide a safe, efficient, quality and well maintained Urban and Rural transport system. To ensure that Cabonne's infrastructure meets agricultural needs to get goods to and from market. To ensure everywhere in Cabonne has access to contemporary information and communication technology. To provide a range of transport options in to, out of and around Cabonne. To ensure access to major metropolitan markets to enable growth of tourism.

### Build Business and Generate employment

To provide a strong and vibrant local business sector and to increase viable, sustainable and value adding business in Cabonne. To have a co-ordinated tourism product and a thriving visitor industry in Cabonne. To provide jobs for Cabonne people in Cabonne.

### Provide and develop Community facilities

To provide preschool, play group, child care and youth facilities within Cabonne. To provide health and aged care facilities that meet the local communities needs. To provide sporting, recreational, council and community facilities and services that are maintained and developed in Cabonne.

### Grow Cabonne Culture and Community

To have a successful balance of village and rural living in the Cabonne Shire. To provide a network of viable, relevant and cultural facilities that exist in Cabonne. To provide the community with beautiful towns and villages with historic assets. The community events build visitation, generate investment and strengthen community well being. To ensure that Cabonne is effective and efficient Council which make transparent and accountable decisions.

### Manage our Natural Resources

To ensure that all town and villages have a secure and quality water supply. That Cabonne has flood mitigation processes in place to manage stormwater and pollution. That Cabonne has a sustainable solid and liquid waste management practices in place across the Shire. To provide our primary producers with information regarding best practice in regards to noxious weed controls. To ensure that all the natural resources are managed sustainably and in a planned way.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	3,315	3,258
Farmland	5,406	5,317
Mining	1,889	1,853
Business	296	273
Less: pensioner rebates (mandatory)	(141)	(144)
<b>Rates levied to ratepayers</b>	<b>10,765</b>	<b>10,557</b>
Pensioner rate subsidies received	91	92
<b>Total ordinary rates</b>	<b>10,856</b>	<b>10,649</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	1,336	1,292
Water supply services	567	516
Sewerage services	2,199	2,088
Waste management services (non-domestic)	406	392
Section 611 charges	–	1
Less: pensioner rebates (mandatory)	(174)	(166)
Stormwater levy	74	74
<b>Annual charges levied</b>	<b>4,408</b>	<b>4,197</b>
Pensioner subsidies received:		
– Water	12	9
– Sewerage	29	22
– Domestic waste management	42	55
<b>Total annual charges</b>	<b>4,491</b>	<b>4,283</b>
<b>Total rates and annual charges</b>	<b>15,347</b>	<b>14,932</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	2022	2021
<b>Specific user charges</b>		
(per s.502 - specific 'actual use' charges)		
Water supply services	664	550
Sewerage services	66	62
<b>Total specific user charges</b>	<b>730</b>	<b>612</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Inspection services	8	–
Planning and building regulation	524	552
Private works – section 67	66	184
Section 603 certificates	33	38
Discretionary fees – other	114	70
Waste management	152	156
<b>Total fees and charges – statutory/regulatory</b>	<b>897</b>	<b>1,000</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Caravan park	168	203
Cemeteries	61	69
Child care	968	1,127
Transport for NSW works (state roads not controlled by Council)	6,632	3,139
Swimming centres	15	–
Trade waste	1	10
<b>Total fees and charges – other</b>	<b>7,845</b>	<b>4,548</b>
<b>Total other user charges and fees</b>	<b>8,742</b>	<b>5,548</b>
<b>Total user charges and fees</b>	<b>9,472</b>	<b>6,160</b>

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**

<b>\$ '000</b>	<b>2022</b>	2021
Legal fees recovery – rates and charges (extra charges)	<b>26</b>	–
Commissions and agency fees	<b>20</b>	18
Diesel rebate	<b>100</b>	127
Insurance claims recoveries	<b>33</b>	29
Recycling income (non-domestic)	<b>266</b>	26
Sales of inventories	<b>86</b>	–
Rebates received	<b>224</b>	196
Other	<b>321</b>	46
<b>Total other revenue</b>	<b>1,076</b>	<b>442</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	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	1,650	1,453	–	–
Financial assistance – local roads component	1,135	1,025	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	2,533	1,554	–	–
Financial assistance – local roads component	1,751	1,099	–	–
<b>Amount recognised as income during current year</b>	<b>7,069</b>	<b>5,131</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
<b>Previously specific grants:</b>				
Water supplies	–	–	1,213	1,124
Community centres	–	–	2,007	–
Economic development	–	2	–	–
Floodplain management	–	–	–	23
Heritage and cultural	16	10	–	–
Library	93	92	–	21
Noxious weeds	130	140	–	–
Recreation and culture	7	1,215	1,138	1,551
Storm/flood damage	988	–	–	–
Community services	797	640	–	–
Tourism, Events, Communications and Marketing	195	–	–	–
Environment	–	–	67	1,058
Transport and communication	2,503	1,841	4,500	6,062
Street lighting	38	38	–	–
Other specific grants	56	25	109	–
<b>Previously contributions:</b>				
Bushfire services	79	94	12	30
Community services	129	126	–	–
Heritage/cultural	1	2	–	–
Other councils – joint works/services	8	–	–	–
Recreation and culture	6	44	–	20
Roads and bridges	–	–	76	60
Transport for NSW contributions (regional roads, block grant)	1,643	1,643	–	–
Sewerage (excl. section 64 contributions)	–	–	105	41
Tourism	–	24	–	–
Administration	2	2	–	–
Environment	15	20	–	–
Health	32	46	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>6,738</b>	<b>6,004</b>	<b>9,227</b>	<b>9,990</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>6,738</b>	<b>6,004</b>	<b>9,227</b>	<b>9,990</b>
<b>Total grants and non-developer contributions</b>	<b>13,807</b>	<b>11,135</b>	<b>9,227</b>	<b>9,990</b>
<b>Comprising:</b>				
– Commonwealth funding	9,936	8,485	1,885	1,331
– State funding	3,422	364	7,342	8,659
– Other funding	449	2,286	–	–
	<b>13,807</b>	<b>11,135</b>	<b>9,227</b>	<b>9,990</b>

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	<b>Operating 2022</b>	Operating 2021	<b>Capital 2022</b>	Capital 2021
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G4				
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		<b>106</b>	8	–	–
<b>Total developer contributions – cash</b>		<b>106</b>	8	–	–
<b>Total developer contributions</b>		<b>106</b>	8	–	–
Total contributions		<b>106</b>	8	–	–
Total grants and contributions		<b>13,913</b>	11,143	<b>9,227</b>	9,990

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Unspent Grants and Non-Developer Contributions</b>				
Unspent funds at 1 July	3,022	2,923	57	49
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	5,339	3,303	–	474
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(2,673)	(3,204)	(7)	(466)
<b>Unspent funds at 30 June</b>	<b>5,688</b>	<b>3,022</b>	<b>50</b>	<b>57</b>
<b>Unspent Developer Contributions</b>				
Unspent funds at 1 July	999	1,624	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	107	–	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(15)	(1,137)	–	–
<b>Unspent contributions at 30 June</b>	<b>1,091</b>	<b>487</b>	<b>–</b>	<b>–</b>

### Accounting policy

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

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

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

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

## B2-4 Grants and contributions (continued)

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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 (incl. special purpose rates)	78	47
– Cash and investments	153	275
<b>Total interest and investment income</b>	<b>231</b>	<b>322</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	45	28
General Council cash and investments	146	259
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	1	1
Water fund operations	11	13
Sewerage fund operations	23	18
Domestic waste management operations	5	3
<b>Total interest and investment income</b>	<b>231</b>	<b>322</b>

### Accounting policy

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

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

## B2-6 Other income

\$ '000	Notes	2022	2021
<b>Rental income</b>			
<b>Other lease income</b>			
Leaseback fees - council vehicles		133	125
<b>Total other lease income</b>		<b>133</b>	<b>125</b>
<b>Total rental income</b>	C2-1	<b>133</b>	<b>125</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Associates		423	197
<b>Total net share of interests in joint ventures and associates using the equity method</b>	D2-3	<b>423</b>	<b>197</b>
<b>Other</b>			
Gravel Pit and Quarry Restoration		85	42
<b>Total other</b>		<b>85</b>	<b>42</b>
<b>Total other income</b>		<b>641</b>	<b>364</b>

## B3 Costs of providing services

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

\$ '000	2022	2021
Salaries and wages	10,126	10,396
Travel expenses	495	447
Employee leave entitlements (ELE)	1,161	2,059
Superannuation	1,206	1,210
Workers' compensation insurance	772	749
Fringe benefit tax (FBT)	95	104
Pre employment medicals	34	24
Protective clothing	87	87
Training costs (other than salaries and wages)	117	269
Other	58	56
<b>Total employee costs</b>	<b>14,151</b>	<b>15,401</b>
Less: capitalised costs	(482)	(1,122)
<b>Total employee costs expensed</b>	<b>13,669</b>	<b>14,279</b>

#### Accounting policy

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

#### *Retirement benefit obligations*

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

#### *Superannuation plans*

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

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

## B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		3,881	3,119
– Caretaker fees		249	303
– Cleaning		26	35
– Consultancy costs		122	217
– Licence agreements		525	509
– Service contracts		8,746	3,744
– Valuation fees		58	57
Audit Fees	F2-1	60	53
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	229	218
Advertising		72	65
Bank charges		40	41
Election expenses		147	–
Electricity and heating		424	409
Insurance		731	582
Postage		39	37
Printing and stationery		75	87
Street lighting		58	83
Subscriptions and publications		22	27
Telephone and communications		125	113
Commissions paid		16	17
Donations, contributions and assistance to community groups		434	483
External hire		487	556
Other expenses		69	4
Memberships		229	208
Rates expense		473	498
Registrations		166	159
Rent expense		20	22
Service subsidy expense		20	20
Volunteer expenses		17	21
Water / sewer sampling		28	20
<b>Legal expenses:</b>			
– Legal expenses: other		35	29
<b>Total materials and services</b>		<b>17,623</b>	<b>11,736</b>
<b>Total materials and services</b>		<b>17,623</b>	<b>11,736</b>

### Accounting policy

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

### B3-3 Borrowing costs

\$ '000	2022	2021
<b>(i) Interest bearing liability costs</b>		
Interest on loans	86	94
<b>Total interest bearing liability costs</b>	<b>86</b>	<b>94</b>
<b>Total interest bearing liability costs expensed</b>	<b>86</b>	<b>94</b>
<b>(ii) Other borrowing costs</b>		
Fair value adjustments on recognition of advances and deferred debtors		
Discount adjustments relating to movements in provisions (other than ELE)	43	–
<b>Total other borrowing costs</b>	<b>43</b>	<b>–</b>
<b>Total borrowing costs expensed</b>	<b>129</b>	<b>94</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

\$ '000	Notes	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		1,992	2,098
Office equipment		151	135
Furniture and fittings		48	46
Land improvements (depreciable)		292	190
<b>Infrastructure:</b>			
	C1-7		
– Buildings – non-specialised		138	145
– Buildings – specialised		1,431	1,694
– Other structures		399	400
– Roads		4,893	4,951
– Bridges		478	465
– Footpaths		113	107
– Stormwater drainage		501	499
– Water supply network		657	631
– Sewerage network		773	766
– Swimming pools		141	141
– Other open space/recreational assets		178	156
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-7	268	1
– Quarry assets	C3-5,C1-7	–	5
Intangible assets	C1-8	42	42
<b>Total gross depreciation and amortisation costs</b>		<b>12,495</b>	<b>12,472</b>
<b>Total depreciation and amortisation costs</b>		<b>12,495</b>	<b>12,472</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-7	49	–
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>49</b>	<b>–</b>
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>49</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>12,544</b>	<b>12,472</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C1-8 for intangible assets.

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

#### Impairment of non-financial assets

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

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

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

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

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

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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**

<b>\$ '000</b>	<b>2022</b>	2021
<b>Other</b>		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	<b>15</b>	26
– NSW fire brigade levy	<b>43</b>	47
– NSW rural fire service levy	<b>461</b>	459
Donations, contributions and assistance to other organisations (Section 356)	<b>26</b>	22
<b>Total other</b>	<b>545</b>	554
<b>Total other expenses</b>	<b>545</b>	554

**Accounting policy**

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

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

\$ '000	Notes	2022	2021
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		(537)	(44)
<b>Gain (or loss) on disposal</b>		<b>(537)</b>	<b>(44)</b>
<b>Infrastructure, Plant and equipment</b>			
	C1-7		
Proceeds from disposal – infrastructure, plant and equipment		439	1,403
Less: carrying amount of infrastructure, plant and equipment assets sold/written off		(483)	(624)
<b>Gain (or loss) on disposal</b>		<b>(44)</b>	<b>779</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Proceeds from disposal – real estate assets		299	113
Less: carrying amount of real estate assets sold/written off		(275)	(123)
<b>Gain (or loss) on disposal</b>		<b>24</b>	<b>(10)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		49,750	58,750
Less: carrying amount of investments sold/redeemed/matured		(49,750)	(58,750)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(557)</b>	<b>725</b>

**Accounting policy**

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



## B5 Performance against budget

### B5-1 Material budget variations

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

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
<b>Revenues</b>				
<b>User charges and fees</b>	12,667	9,472	(3,195)	(25)% <b>U</b>
Many factors affect the outcome of the income received by Council. Council's expected income from State Road Ordered Works was not fully achieved due to delays in works caused by inclement weather conditions				
<b>Other revenues</b>	458	1,076	618	135% <b>F</b>
An increase in Scrap Metal Recycling Sales from tip sites and the commencement of Council's operation of the Age of Fishes Visitors Centre have contributed to this result.				
<b>Operating grants and contributions</b>	11,419	13,913	2,494	22% <b>F</b>
An increase of \$1.63M in the advanced payment of the Financial Assistance Grant was unexpected. Additional grant funding was obtained following storm and flood events.				
<b>Net gains from disposal of assets</b>	300	-	(300)	(100)% <b>U</b>
Council recognised gains from the disposal of plant and equipment as planned in the budget but these gains were offset by the write-off from the bulk disposal of very old asset and other property assets during the full revaluation of Other Structure, Open Spaces and Recreational assets.				
<b>Other income</b>	-	641	641	∞ <b>F</b>
An increase in income from Council's share of interests in Central Tablelands Water and the recognition of two years (2021 and 2022)				

### Expenses

<b>Net losses from disposal of assets</b>	-	557	(557)	∞ <b>U</b>
A number of property related assets, including other structures, office equipment, open spaces and recreational assets were written off following a review of the asset register.				

### Statement of cash flows

<b>Cash flows from operating activities</b>	5,957	13,701	7,744	130% <b>F</b>
Grant Funding for projects that were budgeted in 2021 financial year were completed and paid to council in the 2022 financial year.				
<b>Cash flows from investing activities</b>	(24,509)	(17,312)	7,197	(29)% <b>F</b>
There was a reduction in capital expenditure due to projects being delayed or not completed to the extent anticipated due to delays with delivery times.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	2,847	2,599
Cash equivalent assets		
– Deposits at call	2,836	4,841
– Short-term deposits	5,000	7,000
<b>Total cash and cash equivalents</b>	<b>10,683</b>	<b>14,440</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	10,683	14,440
<b>Balance as per the Statement of Cash Flows</b>	<b>10,683</b>	<b>14,440</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>Financial assets at amortised cost</b>				
Term deposits	34,000	–	31,000	–
<b>Total</b>	<b>34,000</b>	<b>–</b>	<b>31,000</b>	<b>–</b>
<b>Total financial investments</b>	<b>34,000</b>	<b>–</b>	<b>31,000</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>44,683</b>	<b>–</b>	<b>45,440</b>	<b>–</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

## C1-2 Financial investments (continued)

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### **Amortised cost**

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

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

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

### **Fair value through other comprehensive income – equity instruments**

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in the Other Comprehensive Income Statement.

### **Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>44,683</b>	45,440
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>24,592</b>	24,556
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	2,998	4,005
<b>External restrictions – included in liabilities</b>	<b>2,998</b>	4,005
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	1,091	999
Specific purpose unexpended grants (recognised as revenue) – general fund	2,740	3,079
Water fund	3,955	3,754
Sewer fund	3,292	2,785
Stormwater management	435	402
Domestic waste management	3,879	3,899
Canowindra Town Improvement	1,701	1,455
Canowindra sports trust	–	19
Transport for NSW contributions	–	487
<b>External restrictions – other</b>	<b>17,093</b>	16,879
<b>Total external restrictions</b>	<b>20,091</b>	20,884

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

\$ '000	2022	2021
(b) Internal allocations		
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	4,565	1,186
Infrastructure replacement	1,325	1,535
Employees leave entitlement	1,599	1,769
Carry over works	791	1,607
Budget equilization	52	440
Future Innovation	371	331
Capital works	2,534	3,168
Community services	1,135	988
Environment	126	126
Environmental sustainability	122	122
Gravel pits	529	420
Housing	137	137
Insurance	203	157
Limestone quarry	1,415	1,466
Office equipment	199	246
Recreation and culture	2	2
Canowindra retirement Village	1,186	1,186

continued on next page ...

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

<b>\$ '000</b>	<b>2022</b>	2021
Roadworks	<b>5,588</b>	7,713
Sewerage	<b>17</b>	17
Village enhancement	<b>515</b>	601
Canowindra Sports Trust	<b>19</b>	–
Transport for NSW Contributions	<b>662</b>	–
<b>Total internal allocations</b>	<b>23,092</b>	<b>23,217</b>

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

## C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Rates and annual charges	603	174	661	202
Interest and extra charges	25	59	21	54
User charges and fees	565	167	555	217
Accrued revenues				
– Interest on investments	84	–	36	–
– Other income accruals	778	–	715	–
Council private works	–	–	22	–
Deferred debtors	80	514	240	465
Government grants and subsidies	2,039	–	412	–
NSW Rural Fire Service	79	–	104	–
Other debtors	255	11	302	–
<b>Total</b>	<b>4,508</b>	<b>925</b>	<b>3,068</b>	<b>938</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(157)	–	(157)	–
User charges and fees	(125)	–	(124)	–
<b>Total provision for impairment – receivables</b>	<b>(282)</b>	<b>–</b>	<b>(281)</b>	<b>–</b>
<b>Total net receivables</b>	<b>4,226</b>	<b>925</b>	<b>2,787</b>	<b>938</b>

\$ '000	2022	2021
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	281	281
<b>Balance at the end of the year</b>	<b>281</b>	<b>281</b>

## C1-4 Receivables (continued)

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### Accounting policy

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

### Impairment

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	131	41	406	41
Stores and materials	602	–	464	–
<b>Total inventories at cost</b>	<b>733</b>	<b>41</b>	<b>870</b>	<b>41</b>
<b>Total inventories</b>	<b>733</b>	<b>41</b>	<b>870</b>	<b>41</b>

### (i) Other disclosures

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(a) Details for real estate development</b>					
Residential		90	–	365	–
Industrial/commercial		41	41	41	41
<b>Total real estate for resale</b>		<b>131</b>	<b>41</b>	<b>406</b>	<b>41</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition costs		44	–	186	–
Development costs		87	41	220	41
<b>Total costs</b>		<b>131</b>	<b>41</b>	<b>406</b>	<b>41</b>
<b>Total real estate for resale</b>		<b>131</b>	<b>41</b>	<b>406</b>	<b>41</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		406	41	529	41
– WDV of sales (expense)	B4-1	(275)	–	(123)	–
<b>Total real estate for resale</b>		<b>131</b>	<b>41</b>	<b>406</b>	<b>41</b>

### (b) Current inventories not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2022	2021
Real estate for resale	131	406
	<b>131</b>	<b>406</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

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Contract assets	4,436	–	2,956	–
<b>Total contract assets</b>	<b>4,436</b>	<b>–</b>	<b>2,956</b>	<b>–</b>

### Contract assets

RMS Revenue	2,586	–	1,167	–
Other Revenue	1,850	–	1,789	–
<b>Total Contract assets at 30 June</b>	<b>4,436</b>	<b>–</b>	<b>2,956</b>	<b>–</b>

### Accounting policy

#### Contract assets

Contract assets represent Council's right to payment for grant funded projects that have been undertaken throughout the year. It represents work completed by council in advance of grant funding being provided.

Contract assets arise to reflect these grants as income in the same financial year for which the works were completed, and may not coincide with milestone payments as stated in the grant funding agreement.

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

## 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	Impairment loss / revaluation decrements (recognised in P/L)	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
Capital work in progress	17,671	–	17,671	–	3,873	–	–	–	(1,656)	–	–	–	19,888	–	19,888
Plant and equipment	42,835	(29,076)	13,759	–	1,609	(354)	(1,992)	–	367	63	–	–	43,422	(29,970)	13,452
Office equipment	2,558	(1,946)	612	–	68	(54)	(151)	–	–	–	–	–	1,444	(968)	476
Furniture and fittings	1,173	(887)	286	–	46	(56)	(48)	–	34	–	–	–	1,134	(870)	264
<b>Land:</b>															
– Operational land	8,029	–	8,029	–	86	–	–	–	–	–	–	1,964	10,079	–	10,079
– Community land	12,006	–	12,006	–	–	–	–	–	–	–	–	3,127	15,133	–	15,133
Land improvements – non-depreciable	15,032	–	15,032	–	16	–	–	–	–	–	–	1,203	16,251	–	16,251
Land improvements – depreciable	11,244	(3,978)	7,266	534	–	(1)	(292)	–	169	–	–	558	12,606	(4,372)	8,234
<b>Infrastructure:</b>															
– Buildings – non-specialised	5,452	(3,240)	2,212	–	276	–	(138)	–	–	–	–	344	6,633	(3,939)	2,694
– Buildings – specialised	69,864	(40,111)	29,753	671	244	(128)	(1,431)	–	481	–	–	3,426	77,938	(44,920)	33,018
– Other structures	11,829	(6,559)	5,270	379	–	(302)	(399)	–	605	–	–	2,353	12,459	(4,552)	7,907
– Roads	215,257	(78,512)	136,745	5,429	136	–	(4,893)	–	–	–	–	13,975	243,640	(92,246)	151,394
– Bridges	71,345	(26,410)	44,935	1,321	–	(65)	(478)	–	–	–	–	4,696	79,801	(29,393)	50,408
– Footpaths	9,280	(1,783)	7,497	–	164	–	(113)	–	–	–	–	782	10,321	(1,990)	8,331
– Bulk earthworks (non-depreciable)	154,045	–	154,045	–	–	–	–	–	–	–	–	16,329	170,374	–	170,374
– Stormwater drainage	75,089	(15,072)	60,017	228	–	–	(501)	–	–	–	–	3,411	79,621	(16,466)	63,155
– Water supply network	46,995	(26,121)	20,874	–	–	(7)	(657)	–	–	–	–	3,223	54,117	(30,685)	23,432
– Sewerage network	47,647	(15,726)	31,921	–	–	(46)	(773)	–	–	(63)	(3,114)	–	43,638	(15,714)	27,924
– Swimming pools	9,718	(3,906)	5,812	–	–	–	(141)	–	–	–	–	1,081	11,174	(4,422)	6,752
– Other open space/recreational assets	3,942	(2,144)	1,798	53	73	(7)	(178)	–	–	–	–	1,257	4,704	(1,708)	2,996
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	1,433	(285)	1,148	–	–	–	(268)	(49)	–	–	–	–	1,283	(452)	831
– Quarry assets	646	(538)	108	–	–	–	–	–	–	(43)	–	2	231	(166)	65
<b>Total infrastructure, property, plant and equipment</b>	<b>833,090</b>	<b>(256,294)</b>	<b>576,796</b>	<b>8,615</b>	<b>6,591</b>	<b>(1,020)</b>	<b>(12,453)</b>	<b>(49)</b>	<b>–</b>	<b>(43)</b>	<b>(3,114)</b>	<b>57,731</b>	<b>915,891</b>	<b>(282,833)</b>	<b>633,058</b>

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount	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 decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	15,621	–	15,621	–	2,190	(140)	–	–	–	–	17,671	–	17,671
Plant and equipment	44,182	(29,438)	14,744	–	1,622	(589)	(2,098)	80	–	–	42,835	(29,076)	13,759
Office equipment	2,959	(2,383)	576	–	206	(35)	(135)	–	–	–	2,558	(1,946)	612
Furniture and fittings	1,173	(840)	333	–	–	–	(46)	–	–	–	1,173	(887)	286
<b>Land:</b>													
– Operational land	7,998	–	7,998	–	33	–	–	–	–	–	8,029	–	8,029
– Community land	9,173	–	9,173	–	–	–	–	–	–	2,833	12,006	–	12,006
Land improvements – non-depreciable	14,830	–	14,830	–	–	–	–	–	–	199	15,032	–	15,032
Land improvements – depreciable	8,399	(2,606)	5,793	–	1,908	–	(190)	–	(1,181)	937	11,244	(3,978)	7,266
<b>Infrastructure:</b>													
– Buildings – non-specialised	5,763	(3,363)	2,400	–	–	(44)	(145)	–	–	–	5,452	(3,240)	2,212
– Buildings – specialised	69,180	(38,418)	30,762	610	75	–	(1,694)	–	–	–	69,864	(40,111)	29,753
– Other structures	11,571	(6,160)	5,411	135	126	–	(400)	–	–	–	11,829	(6,559)	5,270
– Roads	204,932	(73,561)	131,371	9,223	1,102	–	(4,951)	–	–	–	215,257	(78,512)	136,745
– Bridges	69,682	(25,945)	43,737	1,564	98	–	(465)	–	–	–	71,345	(26,410)	44,935
– Footpaths	8,805	(1,675)	7,130	–	474	–	(107)	–	–	–	9,280	(1,783)	7,497
– Bulk earthworks (non-depreciable)	154,045	–	154,045	–	–	–	–	–	–	–	154,045	–	154,045
– Stormwater drainage	74,859	(14,573)	60,286	211	19	–	(499)	–	–	–	75,089	(15,072)	60,017
– Water supply network	45,615	(25,252)	20,363	48	912	–	(631)	–	(238)	420	46,995	(26,121)	20,874
– Sewerage network	47,094	(14,816)	32,278	54	66	–	(766)	–	(143)	433	47,647	(15,726)	31,921
– Swimming pools	9,787	(3,765)	6,022	12	–	–	(141)	(80)	–	–	9,718	(3,906)	5,812
– Other open space/recreational assets	3,417	(1,988)	1,429	57	468	–	(156)	–	–	–	3,942	(2,144)	1,798
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>													
– Tip assets	287	(284)	3	–	–	–	(1)	–	–	–	1,433	(285)	1,148
– Quarry assets	646	(533)	113	–	–	–	(5)	–	–	–	646	(538)	108
<b>Total infrastructure, property, plant and equipment</b>	<b>810,018</b>	<b>(245,600)</b>	<b>564,418</b>	<b>11,914</b>	<b>9,299</b>	<b>(808)</b>	<b>(12,430)</b>	<b>–</b>	<b>(1,562)</b>	<b>4,822</b>	<b>833,090</b>	<b>(256,294)</b>	<b>576,796</b>

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

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

### Accounting policy

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

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

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

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

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

Land is not depreciated. 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>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	5 to 35
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 10	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	33 to 50
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	100	Drains	60
Bores	30	Culverts	60
Reticulation pipes: PVC	40 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	10 to 70		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	30	Swimming pools	70
Sealed roads: structure	75	Other open space/recreational assets	15 to 110
Unsealed roads	40	Other infrastructure	15 to 110
Bridge: concrete	150		
Bulk earthworks	Infinite		
Kerb, gutter, footpaths	100		

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

### Land under roads

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

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

### Crown reserves

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

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

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

### Rural Fire Service assets

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

Council has no care or control over the purchase or sale of plant and equipment or other fire fighting equipment, nor does Council receive any proceeds from their disposal.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for Council owned land and buildings only.

## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	628	601
Accumulated amortisation	(455)	(464)
<b>Net book value – opening balance</b>	<b>173</b>	<b>137</b>
<b>Movements for the year</b>		
Purchases	–	78
Amortisation charges	(42)	(42)
<b>Disposals</b>		
Disposals	(6)	–
<b>Closing values at 30 June</b>		
Gross book value	571	628
Accumulated amortisation	(446)	(455)
<b>Total software – net book value</b>	<b>125</b>	<b>173</b>
<b>Total intangible assets – net book value</b>	<b>125</b>	<b>173</b>

### Accounting policy

#### IT development and software

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

## C2 Leasing activities

### C2-1 Council as a lessor

#### Operating leases

\$ '000	2022	2021
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#### (ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	133	125
<b>Total income relating to operating leases for Council assets</b>	<b>133</b>	<b>125</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		2021	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	2,677	–	2,017	–
Accrued expenses:				
– Borrowings	2	–	3	–
Prepaid rates	473	–	489	–
Salaries and wages	127	–	106	–
Other expenditure accruals	326	–	271	–
Security bonds, deposits and retentions	476	65	477	60
Other	161	–	57	–
<b>Total payables</b>	<b>4,242</b>	<b>65</b>	<b>3,420</b>	<b>60</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
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	2,916	-	4,005	-
<b>Total grants received in advance</b>		<b>2,916</b>	<b>-</b>	<b>4,005</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Other		82	-	84	-
<b>Total user fees and charges received in advance</b>		<b>82</b>	<b>-</b>	<b>84</b>	<b>-</b>
<b>Total Contract liabilities at 30 June</b>		<b>2,998</b>	<b>-</b>	<b>4,089</b>	<b>-</b>

### Notes

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

(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
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	2,263	3,351
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>2,263</b>	<b>3,351</b>

### 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	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	1,403	–	146	1,403
<b>Total borrowings</b>	<b>1,403</b>	<b>–</b>	<b>146</b>	<b>1,403</b>

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

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

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

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	1,549	(146)	–	–	–	–	1,403
<b>Total liabilities from financing activities</b>	<b>1,549</b>	<b>(146)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,403</b>

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	1,686	(137)	–	–	–	–	1,549
<b>Total liabilities from financing activities</b>	<b>1,686</b>	<b>(137)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,549</b>

### (b) Financing arrangements

\$ '000	2022	2021
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	450	450
Credit cards/purchase cards	65	65
<b>Total financing arrangements</b>	<b>515</b>	<b>515</b>
<b>Drawn facilities</b>		
– Bank overdraft facilities	–	–
– Credit cards/purchase cards	51	50
<b>Total drawn financing arrangements</b>	<b>51</b>	<b>50</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	450	450
– Credit cards/purchase cards	14	15
<b>Total undrawn financing arrangements</b>	<b>464</b>	<b>465</b>

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

### Accounting policy

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

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

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or

### C3-3 Borrowings (continued)

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transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

### C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	1,270	–	1,373	–
Long service leave	1,847	–	2,087	–
<b>Total employee benefit provisions</b>	<b>3,117</b>	<b>–</b>	<b>3,460</b>	<b>–</b>

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,882	3,228
	<b>2,882</b>	<b>3,228</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
<b>Asset remediation/restoration (Future Works):</b>				
Gravel Pit Remediation/Restoration	–	231	–	400
Garbage Tip Remediation/Restoration	–	1,325	–	1,507
Quarry Remediation/Restoration	–	1,149	–	870
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>2,705</b>	<b>–</b>	<b>2,777</b>
<b>Total provisions</b>	<b>–</b>	<b>2,705</b>	<b>–</b>	<b>2,777</b>

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2022</b>		
At beginning of year	2,777	2,777
Changes to provision:		
– Revised discount rate	(170)	(170)
– Revised costs	(224)	(224)
Unwinding of discount	43	43
Additional provisions	279	279
Total other provisions at end of year	<b>2,705</b>	<b>2,705</b>
<b>2021</b>		
At beginning of year	1,632	1,632
Other	1,145	1,145
Total other provisions at end of year	<b>2,777</b>	<b>2,777</b>

### Nature and purpose of provisions

#### Asset remediation

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

#### 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

### C3-5 Provisions (continued)

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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.

#### **Fair value through other comprehensive income reserve (FVOCI)**

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
<b>Income from continuing operations</b>			
Rates and annual charges	12,581	567	2,199
User charges and fees	8,736	664	72
Interest and investment revenue	196	11	24
Other revenues	1,071	5	–
Grants and contributions provided for operating purposes	13,913	–	–
Grants and contributions provided for capital purposes	7,909	1,213	105
Other income	641	–	–
<b>Total income from continuing operations</b>	<b>45,047</b>	<b>2,460</b>	<b>2,400</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	12,426	574	669
Materials and services	16,546	386	691
Borrowing costs	43	–	86
Depreciation, amortisation and impairment of non-financial assets	10,945	698	901
Other expenses	128	90	327
Net losses from the disposal of assets	557	–	–
<b>Total expenses from continuing operations</b>	<b>40,645</b>	<b>1,748</b>	<b>2,674</b>
<b>Operating result from continuing operations</b>	<b>4,402</b>	<b>712</b>	<b>(274)</b>
<b>Net operating result for the year</b>	<b>4,402</b>	<b>712</b>	<b>(274)</b>
<b>Net operating result attributable to each council fund</b>	<b>4,402</b>	<b>712</b>	<b>(274)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(3,507)</b>	<b>(501)</b>	<b>(379)</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	3,436	3,955	3,292
Investments	34,000	–	–
Receivables	1,479	1,785	962
Inventories	733	–	–
Contract assets and contract cost assets	4,066	370	–
Other	58	–	–
<b>Total current assets</b>	<b>43,772</b>	<b>6,110</b>	<b>4,254</b>
<b>Non-current assets</b>			
Receivables	725	50	150
Inventories	41	–	–
Infrastructure, property, plant and equipment	554,985	40,678	37,395
Investments accounted for using the equity method	34,725	–	–
Intangible assets	125	–	–
Other	282	–	–
<b>Total non-current assets</b>	<b>590,883</b>	<b>40,728</b>	<b>37,545</b>
<b>Total assets</b>	<b>634,655</b>	<b>46,838</b>	<b>41,799</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	3,962	261	19
Contract liabilities	2,998	–	–
Borrowings	–	–	1,403
Employee benefit provision	3,117	–	–
<b>Total current liabilities</b>	<b>10,077</b>	<b>261</b>	<b>1,422</b>
<b>Non-current liabilities</b>			
Payables	65	–	–
Provisions	2,705	–	–
<b>Total non-current liabilities</b>	<b>2,770</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>12,847</b>	<b>261</b>	<b>1,422</b>
<b>Net assets</b>	<b>621,808</b>	<b>46,577</b>	<b>40,377</b>
<b>EQUITY</b>			
Accumulated surplus	350,811	24,023	20,952
Revaluation reserves	270,997	22,554	19,425
<b>Council equity interest</b>	<b>621,808</b>	<b>46,577</b>	<b>40,377</b>
<b>Total equity</b>	<b>621,808</b>	<b>46,577</b>	<b>40,377</b>



## D2 Interests in other entities

\$ '000	Council's share of net assets	
	2022	2021
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Associates	34,725	29,548
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>34,725</b>	<b>29,548</b>
<b>Total Council's share of net assets</b>	<b>34,725</b>	<b>29,548</b>

### D2-1 Interests in associates

#### Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership			
			2022	2021	2022	2021
<b>Central Tablelands Water</b>	Blayney	Associate	<b>33%</b>	33%	<b>34,725</b>	29,548
<b>Total carrying amounts – material associates</b>					<b>34,725</b>	29,548

The following information is provided for associates that are individually material to the Council. Included are the amounts as per the individual associates' financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share. Central Tablelands Water financial data is from their Audited 2021/2022 financial statements, which are the most recent audited financial statements available. The comparative figures are from the 2019/2020 financial statements as they were the most recent audited financial statements available at that time

#### Details

	Principal activity	Measurement method
Central Tablelands Water	Supply Water	Equity

#### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2022	2021	2022	2021
Central Tablelands Water	<b>33%</b>	33%	<b>33%</b>	33%

## D2-1 Interests in associates (continued)

## Summarised financial information for associates

\$ '000	Central Tablelands Water	
	2022	2021
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	933	1,615
Other current assets	8,802	6,301
<b>Non-current assets</b>	<b>95,882</b>	<b>83,099</b>
<b>Current liabilities</b>		
Current financial liabilities (excluding trade and other payables and provisions)	–	532
Other current liabilities	1,431	1,412
<b>Non-current liabilities</b>		
Non-current financial liabilities (excluding trade and other payables and provisions)	11	430
<b>Net assets</b>	<b>104,175</b>	<b>88,641</b>
<b>Statement of comprehensive income</b>		
Income	7,785	7,600
Interest income	67	120
Depreciation and amortisation	(2,340)	(2,803)
Interest expense	(11)	(83)
Other expenses	(4,406)	(4,243)
<b>Profit/(loss) from continuing operations</b>	<b>1,095</b>	<b>591</b>
<b>Profit/(loss) for period</b>	<b>1,095</b>	<b>591</b>
Other comprehensive income	13,634	710
<b>Total comprehensive income</b>	<b>14,729</b>	<b>1,301</b>
<b>Share of income – Council (%)</b>	<b>33%</b>	<b>33%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>365</b>	<b>197</b>
<b>Total comprehensive income – Council (\$)</b>	<b>4,909</b>	<b>434</b>
<b>Summarised Statement of cash flows</b>		
Cash flows from operating activities	3,148	3,224
Cash flows from investing activities	(3,094)	(3,141)
Cash flows from financing activities	(413)	(497)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(359)</b>	<b>(414)</b>
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	89,446	87,340
Profit/(loss) for the period	1,095	591
Gains on revaluation of I,PP&E	13,634	710
<b>Closing net assets</b>	<b>104,175</b>	<b>88,641</b>
<b>Council's share of net assets (%)</b>	<b>33%</b>	<b>33%</b>
<b>Council's share of net assets (\$)</b>	<b>34,725</b>	<b>29,548</b>

**Accounting policy**

Interests in associates are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If Council's share of losses of an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further losses.

Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

## D2-1 Interests in associates (continued)

Adjustments are made to the associates accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

## D2-2 Unconsolidated structured entities

Council did not consolidate the following structured entities:

## D2-3 Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

<b>Name of entity/operation</b>	<b>Principal activity/type of entity</b>	<b>2022 Net profit</b>	<b>2022 Net assets</b>
<b>Section 355 Committees of Council</b>	Management control and care of Council property	3	791

### Reasons for non-recognition

Council auspice a number of Section 355 Committees and due to their immaterial value and nature have been excluded from recognition.

## E Risks and accounting uncertainties

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

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

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

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

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

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

#### Financial assets

##### Measured at amortised cost

Fair value is determined as follows:

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

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

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

The risks associated with the instruments held are:

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

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

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

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

\$ '000	2022	2021
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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	340	454
-----------------------------	-----	-----

### (b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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.

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

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

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

#### Credit risk profile

##### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
<b>2022</b>				
Gross carrying amount	603	174	–	777
2021				
Gross carrying amount	661	202	–	863

##### 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			Total
			31 - 60 days	61 - 90 days	> 91 days	
<b>2022</b>						
Gross carrying amount	4,488	2,435	4	1,406	759	9,092
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	16.50%	1.38%
<b>ECL provision</b>	–	–	–	–	125	125
2021						
Gross carrying amount	2,957	2,302	42	3	788	6,092
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	15.74%	2.04%

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
ECL provision	–	–	–	–	124	124

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2022</b>							
Payables	0.00%	541	3,766	–	–	4,307	4,307
Borrowings	5.76%	–	1,443	–	–	1,443	1,403
<b>Total financial liabilities</b>		<b>541</b>	<b>5,209</b>	<b>–</b>	<b>–</b>	<b>5,750</b>	<b>5,710</b>
<b>2021</b>							
Payables	0.00%	537	2,943	–	–	3,480	3,480
Borrowings	5.76%	–	232	1,443	–	1,675	1,549
<b>Total financial liabilities</b>		<b>537</b>	<b>3,175</b>	<b>1,443</b>	<b>–</b>	<b>5,155</b>	<b>5,029</b>

## E2-1 Fair value measurement

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

- Financial assets
- 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).

### Recurring fair value measurements

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021
<b>Infrastructure, property, plant and equipment</b>	C1-7						
Capital works in progress		–	–	19,888	17,671	19,888	17,671
Plant and equipment		–	–	13,452	13,759	13,452	13,759
Office equipment		–	–	476	612	476	612
Furniture and fittings		–	–	264	286	264	286
Operational land		10,079	8,029	–	–	10,079	8,029
Community land		–	–	15,133	12,006	15,133	12,006
Land improvements non depreciable		–	–	16,251	15,032	16,251	15,032
Land Improvements depreciable		–	–	8,234	7,266	8,234	7,266
Building non specialised		–	–	2,694	2,212	2,694	2,212
Building specialised		–	–	33,018	29,753	33,018	29,753
Other structures		–	–	7,907	5,270	7,907	5,270
Roads		–	–	151,394	136,745	151,394	136,745
Bridges		–	–	50,408	44,935	50,408	44,935
Footpaths		–	–	8,331	7,497	8,331	7,497
Bulk earthworks		–	–	170,374	154,045	170,374	154,045
Stormwater drainage		–	–	63,155	60,017	63,155	60,017
Water supply network		–	–	23,432	20,874	23,432	20,874
Sewer network		–	–	27,924	31,921	27,924	31,921
Swimming pools		–	–	6,752	5,812	6,752	5,812
Tip assets		–	–	831	1,148	831	1,148
Quarry assets		–	–	65	108	65	108
Open Space/recreational assets		–	–	2,996	1,798	2,996	1,798
<b>Total infrastructure, property, plant and equipment</b>		<b>10,079</b>	<b>8,029</b>	<b>622,979</b>	<b>568,767</b>	<b>633,058</b>	<b>576,796</b>

### 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:

## E2-1 Fair value measurement (continued)

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### Financial assets

Financial assets are exposed to financial risk such as price risk, credit risk, liquidity risk and interest rate risk surrounding the unpredictability of financial markets. The valuation technique for these assets is based on a market approach observing that the carrying value is a reasonable approximation of the fair value.

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

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

Class	Valuation technique(s)	Unobservable inputs
Plant, equipment, furniture, fittings and office equipment	Cost approach	Current replacement cost, asset condition, useful life and residual value
Operational Land	Market approach	Price per square metre
Community Land	Market approach. Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction.
Buildings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value.
Other structures	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value.
Roads (including bridges, footpaths, bulk earthworks) and other similar assets	Cost approach	Asset condition, remaining lives using componentisation.
Stormwater Drainage	Cost approach	Asset condition, remaining lives
Water supply and sewerage network infrastructure	Cost approach	Asset condition, remaining lives using componentisation
Tips and quarry assets	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition

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## E2-1 Fair value measurement (continued)

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

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

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

\$ '000	Fair value 2022	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Buildings Specialised	33,018	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Buildings Non Specialised	2,694	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Capital Works in Progress	19,888	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> </ul>
Plant & Equipment	13,452	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining Useful Life</li> </ul>
Office Equipment	476	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining Useful Life</li> </ul>
Furniture & Fittings	264	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining Useful Life</li> </ul>
Community land	15,133	Cost Approach	<ul style="list-style-type: none"> <li>• NSW Valuer General's Valuation (Unimproved Capital Value)</li> </ul>
Land Improvements Non-Depreciable	16,251	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Land Improvements Depreciable	8,234	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Other structures	7,907	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Roads	151,394	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful life</li> </ul>
Bridges	50,408	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful life</li> </ul>
Footpaths	8,331	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful life</li> </ul>
Bulk Earthworks	170,374	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Terrain rating</li> </ul>
Stormwater Drainage	63,155	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Water Supply Network	23,432	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Sewer Network	27,924	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Swimming Pools	6,752	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Open Space/Recreational Assets	2,996	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Tip Assets	831	Cost Approach	<ul style="list-style-type: none"> <li>• Discounted future Cash Flows</li> </ul>
Quarry Assets	65	Cost Approach	<ul style="list-style-type: none"> <li>• Discounted future Cash Flows</li> </ul>

## E2-1 Fair value measurement (continued)

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

\$ '000	Total	
	2022	2021
<b>Opening balance</b>	<b>576,796</b>	564,418
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	<b>52,653</b>	3,260
<b>Other movements</b>		
Purchases (GBV)	<b>15,120</b>	21,207
Disposals (WDV)	<b>(1,020)</b>	(807)
Depreciation and impairment	<b>(12,453)</b>	(12,430)
Other movement	<b>(8,117)</b>	1,148
<b>Closing balance</b>	<b>622,979</b>	<b>576,796</b>

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

##### *Description of the funding arrangements.*

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

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

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40 million for 1 July 2021 to 30 June 2022, 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 the 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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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

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

## E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$ 142,467.77. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is nil. Council's expected contributions to the plan for the next annual reporting period is \$98,015.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.35%.

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

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

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

\* Plus promotional increases

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

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

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

## E3-1 Contingencies (continued)

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### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

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

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

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

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

## ASSETS NOT RECOGNISED

### (i) Land under roads

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

### (ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
<b>Compensation:</b>		
Short-term benefits	766	732
Post-employment benefits	62	65
Other long-term benefits	20	14
<b>Total</b>	<b>848</b>	<b>811</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.

- 1 A KMP of Council has an interest in purchase of property
- 2 A KMP of Council has an ownership stake in the Molong Express with whom the Council advertises from time to time.
- 3 A KMP of council has an interest in a Community Group that Council donates funds to on occasion
- 4 KMP of Council have total outstanding Rates, Debtor and/or Water/Sewer accounts to the amount of \$4,870.70
- 5 KMP of Council has a Development Application in progress.

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

<b>\$ '000</b>	<b>2022</b>	2021
<p>The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:</p>		
Mayoral fee	<b>25</b>	27
Councillors' fees	<b>126</b>	146
Other Councillors' expenses (including Mayor)	<b>78</b>	45
<b>Total</b>	<b>229</b>	<b>218</b>

F1-3 Other related parties

\$ '000	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
<b>2022</b>					
Central Tablelands Water	104	-		-	-
Molong Advancement Group	9	-		-	-
Molong Express	3	-		-	-
<b>2021</b>					
Central Tablelands Water	176	-		-	-
Molong Advancement Group	-	-		-	-
Molong Express	-	-		-	-



## F2 Other relationships

### F2-1 Audit fees

\$ '000	2022	2021
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

#### Auditors of the Council - NSW Auditor-General:

##### (i) Audit and other assurance services

Audit and review of financial statements

<b>60</b>	53
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#### Remuneration for audit and other assurance services

<b>60</b>	53
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#### Total Auditor-General remuneration

<b>60</b>	53
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#### Non NSW Auditor-General audit firms

#### Total audit fees

<b>60</b>	53
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## 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>4,840</b>	4,943
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	12,495	12,472
(Gain) / loss on disposal of assets	557	(725)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	49	–
Unwinding of discount rates on reinstatement provisions	(127)	–
Share of net (profits)/losses of associates/joint ventures using the equity method	(423)	(197)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(1,538)	333
Increase / (decrease) in provision for impairment of receivables	1	–
(Increase) / decrease of inventories	(138)	(6)
(Increase) / decrease of other current assets	17	11
(Increase) / decrease of contract asset	(1,480)	133
Increase / (decrease) in payables	660	(1,649)
Increase / (decrease) in accrued interest payable	(1)	–
Increase / (decrease) in other accrued expenses payable	76	(613)
Increase / (decrease) in other liabilities	92	233
Increase / (decrease) in contract liabilities	(1,091)	3,003
Increase / (decrease) in employee benefit provision	(343)	303
Increase / (decrease) in other provisions	55	1,145
<b>Net cash flows from operating activities</b>	<b>13,701</b>	<b>19,386</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Sewerage and water infrastructure	129	646
Buildings	2,758	264
Plant and equipment	2,231	1,145
Roads, Bridges & Footpaths	2,601	816
Other structures	1,377	177
Other	1,112	484
<b>Total commitments</b>	<b>10,208</b>	<b>3,532</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	10,208	3,532
<b>Total payable</b>	<b>10,208</b>	<b>3,532</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	4,917	1,999
Future grants and contributions	1,209	1,198
Externally restricted reserves	22	29
Internally restricted reserves	4,060	306
<b>Total sources of funding</b>	<b>10,208</b>	<b>3,532</b>

## G3-1 Events occurring after the reporting date

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

During November 2022 Cabonne LGA experienced significant flooding events. At the time of signing, Council was still to determine the full extent of the damage and as such, no value has yet been attributed to the damage or the amount necessary to repair or replace Council assets

## G4 Statement of developer contributions as at 30 June 2022

### G4-1 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					
Roads	850	89	-	1	-	-	940	-
Other	149	18	-	-	(16)	-	151	-
<b>S7.11 contributions – under a plan</b>	999	<b>107</b>	<b>-</b>	<b>1</b>	<b>(16)</b>	<b>-</b>	<b>1,091</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	999	<b>107</b>	<b>-</b>	<b>1</b>	<b>(16)</b>	<b>-</b>	<b>1,091</b>	<b>-</b>
<b>Total contributions</b>	<b>999</b>	<b>107</b>	<b>-</b>	<b>1</b>	<b>(16)</b>	<b>-</b>	<b>1,091</b>	<b>-</b>

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.

### G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN NUMBER 1 – SMALL RURAL HOLDINGS</b>								
Roads	47	-	-	-	-	-	47	-
<b>Total</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER – GENERAL RURAL ZONE</b>								
Roads	803	89	-	1	-	-	893	-
<b>Total</b>	<b>803</b>	<b>89</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>893</b>	<b>-</b>
<b>CONTRIBUTION PLAN NUMBER – BUSHFIRE EQUIPMENT</b>								
Other	149	18	-	-	(16)	-	151	-
<b>Total</b>	<b>149</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>-</b>	<b>151</b>	<b>-</b>

## G5 Statement of performance measures

### G5-1 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>(4,204)</b>	<b>(10.44)%</b>	(18.00)%	(0.52)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>40,257</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>26,344</b>	<b>53.24%</b>	51.03%	54.52%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>49,484</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>30,797</b>	<b>7.34x</b>	8.33x	6.02x	> 1.50x
Current liabilities less specific purpose liabilities	<b>4,197</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>8,420</b>	<b>30.62x</b>	28.56x	34.29x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>275</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>704</b>	<b>4.34%</b>	4.96%	4.93%	< 10.00%
Rates and annual charges collectable	<b>16,232</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>44,683</b>	<b>14.05 months</b>	16.30 months	21.48 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>3,180</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, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(9.05)%</b>	(15.41)%	<b>(40.18)%</b>	(77.81)%	<b>(16.51)%</b>	(24.35)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>51.10%</b>	48.50%	<b>50.69%</b>	48.52%	<b>95.63%</b>	98.13%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>6.90x</b>	8.33x	<b>23.41x</b>	22.07x	<b>2.99x</b>	19.81x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>40.29x</b>	46.13x	∞	∞	<b>7.07x</b>	4.68x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>5.23%</b>	5.93%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>12.71 months</b>	15.91 months	<b>45.20 months</b>	20.56 months	<b>22.28 months</b>	17.32 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

### H1-1 Council information and contact details

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**Principal place of business:**

99 -101 Bank Street  
Molong NSW 2866

**Mailing Address:**

PO Box 17  
Molong NSW 2866

**Telephone:** 02 6392 3200

**Facsimile:** 02 6392 3260

**Opening hours:**

9:00am - 5:00pm  
Monday to Friday

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

**Email:** [council@cabonne.nsw.gov.au](mailto:council@cabonne.nsw.gov.au)

#### **Officers**

**General Manager**

Bradley Byrnes

**Responsible Accounting Officer**

Heather Nicholls

**Public Officer**

Jolene Pearson

**Auditors**

Audit Office of NSW  
Level 15, 1 Margaret Street  
SYDNEY NSW 2001

#### **Elected members**

**Mayor**

Kevin Beatty

**Councillors**

Jamie Jones  
Peter Batten  
Marlene Nash  
Jennifer Weaver  
Elizabeth Oldham  
Kathryn O'Ryan  
Andrew Pull  
Andrew Rawson

#### **Other information**

**ABN:** 419 929 192 00



## Cabonne 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).



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Cabonne Council

To the Councillors of Cabonne Council

### Qualified Opinion

I have audited the accompanying financial statements of Cabonne Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information. The financial statements include the consolidated financial statements of the Council and the entities it controlled at the year's end or from time to time during the year.

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

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

### Basis for Qualified Opinion

#### Non recognition of rural fire-fighting equipment

As disclosed in Note C1-7 to the financial statements, the Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 December 2011
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2022
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2022
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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

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

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

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

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

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

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

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

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



Karen Taylor  
Delegate of the Auditor-General for New South Wales

5 December 2022  
SYDNEY

## Cabonne 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).



Councillor Kevin Beatty  
Mayor  
Cabonne Shire Council  
PO Box 17  
MOLONG NSW 2866

5 December 2022

Dear Mayor

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

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

I expressed a modified opinion on the Council's GPFS.

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

## **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

### **Non recognition of rural fire-fighting equipment**

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement, date 1 December 2011.
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.





The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2022
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment for non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2022
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G4-1 'Statement of Performance Measures – consolidated results' and Note G4-2 'Statement of Performance Measures - by fund'.

## INCOME STATEMENT

### Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	15.3	14.9	 2.7
Grants and contributions revenue	23.1	21.1	 9.5
Operating result from continuing operations	4.8	4.9	 2.0
Net operating result before capital grants and contributions	(4.4)	(5.0)	 12.0



The Council's operating result from continuing operations (\$4.8 million including depreciation and amortisation expense of \$12.5 million) was \$0.1 million lower than the 2020–21 result.

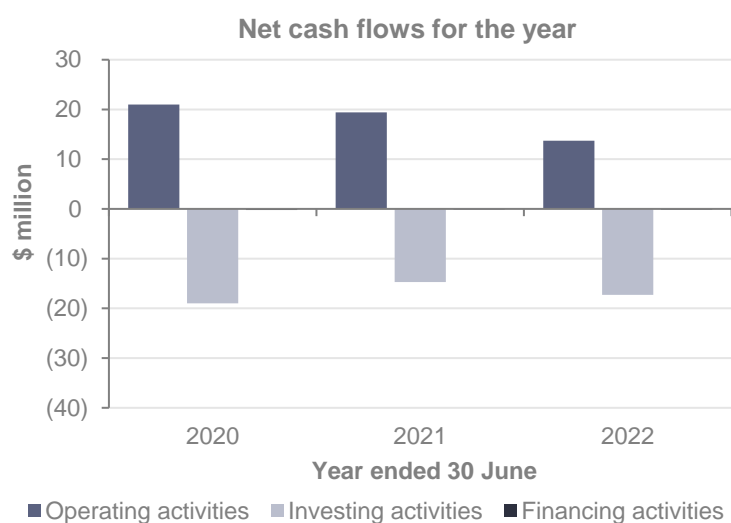
The net operating result before capital grants and contributions (\$4.4 million deficit) was consistent with the 2020–21 result (\$5.0 million deficit).

Rates and annual charges revenue (\$15.4 million) increased by \$0.4 million (2.7 per cent) in 2021–22. This was net the result of the approved rate peg of 2.0 per cent and an increase in the number of rateable properties within the Local Government Area.

Grants and contributions revenue (\$23.1 million) increased by \$2.0 million in 2021–22. This was mainly due to receiving 75 per cent of 2022-23 financial year allocation of financial assistance grants in advance (\$1.6 million increase).

## STATEMENT OF CASH FLOWS

Payments to employees and materials and services increased which reduced cashflows from operating activities. Overall cash and cash equivalents decreased by \$3.8 million.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>44.7</b>	<b>45.4</b>	Externally restricted balances included water and sewer funds and unexpended grants.
Restricted and allocated cash, cash equivalents and investments:			Balances are internally allocated due to Council policy or decisions for forward plans including work programs
• external restrictions	20.1	20.9	
• internal allocations	23.1	23.2	

### Debt

At 30 June 2022, Council had external borrowings of \$1.4 million (2021: \$1.5 million). The loans are secured against Council's general rating income.

At 30 June 2022, Council also had access to a \$0.45 million (30 June 2021: \$0.45 million) bank overdraft facility and \$65,000 credit card facility. At 30 June 2022, the overdraft facility was unused and the credit card facility had an unused balance of \$14,000.

# PERFORMANCE

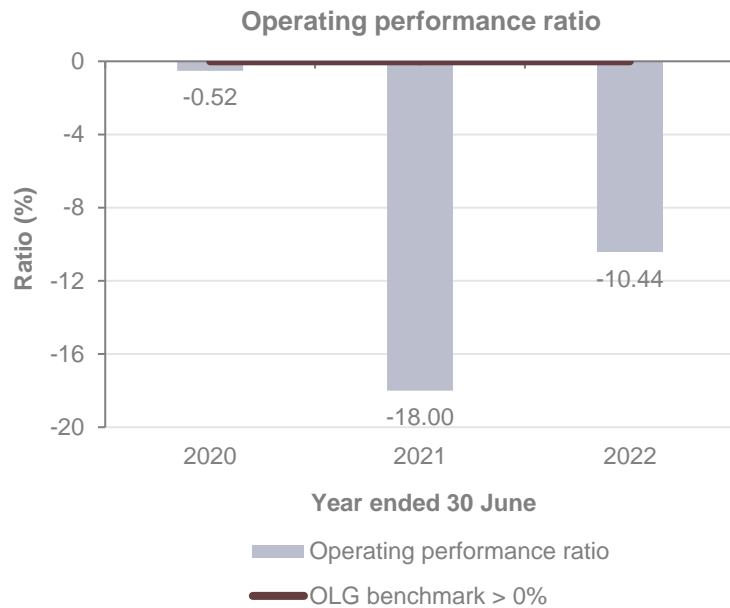
## Performance measures

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

### Operating performance ratio

Council's result is indicative of the extent to which capital grants and contributions supplement Council's operations.

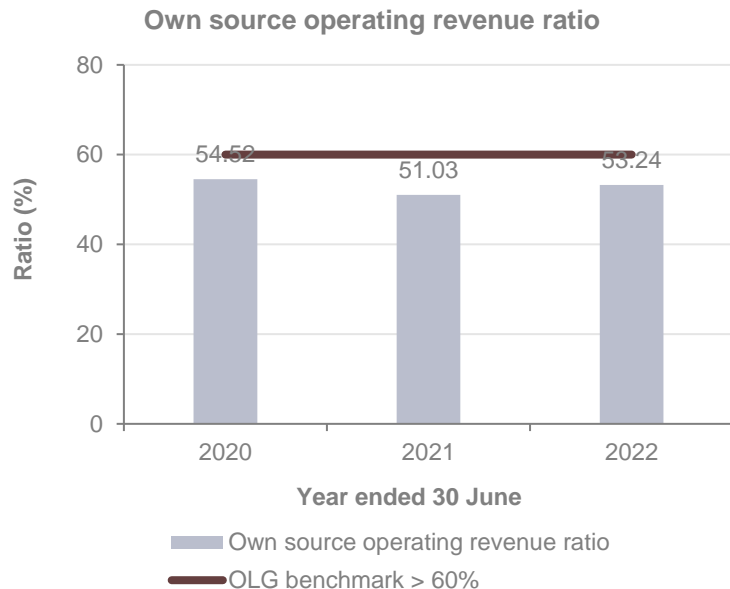
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

The proportionately high level of grants and contributions received by Council has seen this ratio continue to remain below the benchmark.

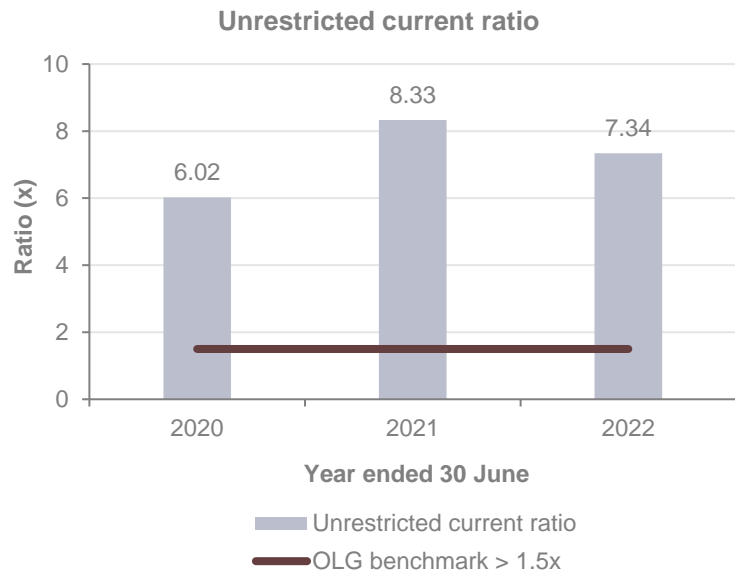
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

Council continued to meet the OLG benchmark.

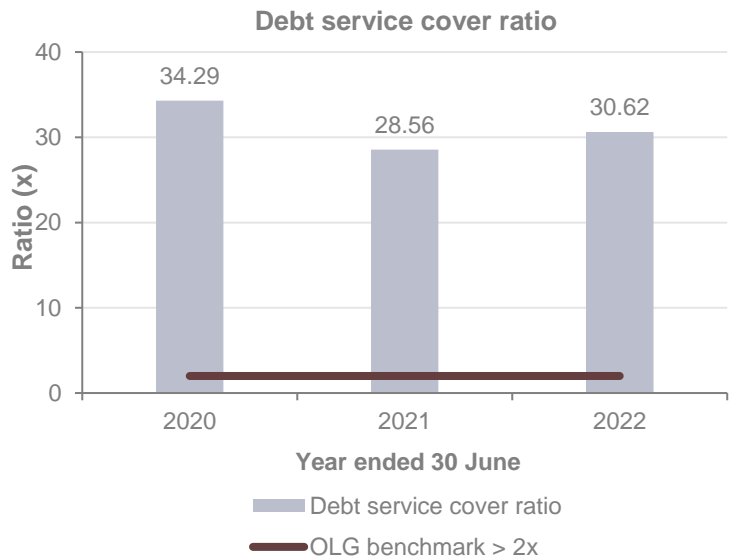
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

Council continued to exceed the benchmark.

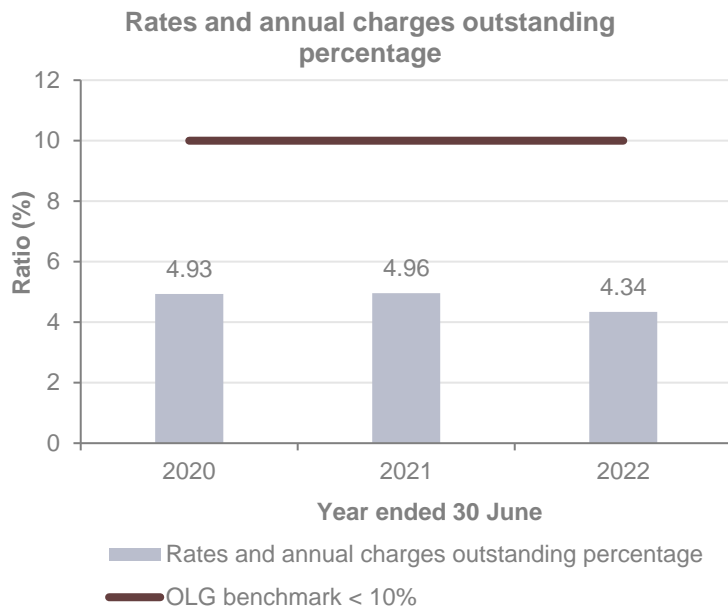
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

Council has continued to meet this benchmark.

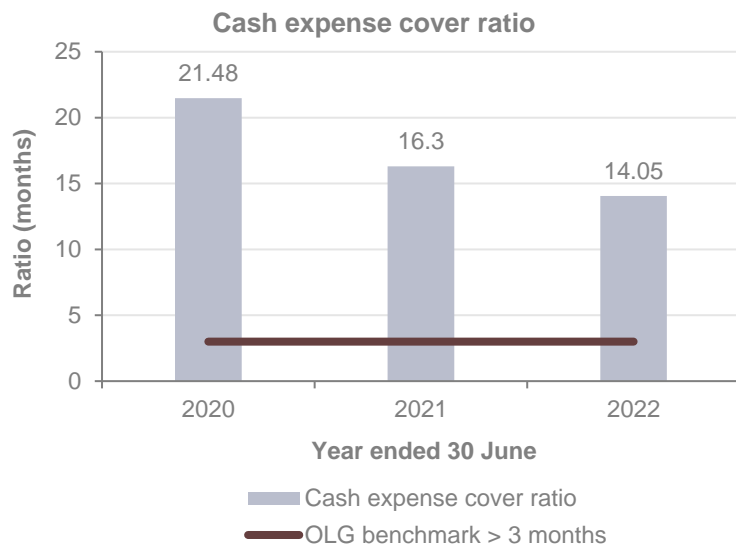
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



### Cash expense cover ratio

Council continues to exceed the benchmark.

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



### Infrastructure, property, plant and equipment renewals

Council renewed \$8.6 million of infrastructure assets in the 2021–22 (\$11.9 million in 2020–21). Roads infrastructure was the main asset class renewed during both financial years. A further \$6.6 million was spent on new assets during the 2021–22 financial year (\$9.3 million in 2020–21).

## OTHER MATTERS

### Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements that will be reported in the Management Letter. Rural fire-fighting equipment was not recognised in the financial statements.

Except for the matter outlined above, the Council's:

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



Karen Taylor  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

# Cabonne Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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*“Cabonne Council is committed to providing sustainable local government to our rural communities through consultation and sound financial management which will ensure equitable resource allocation.”*



# Cabonne Council

## Special Purpose Financial Statements

for the year ended 30 June 2022

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Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
<b>Note – Significant Accounting Policies</b>	<b>8</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>11</b>

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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).

## Cabonne Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

### Statement by Councillors and Management

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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 22 November 2022.**



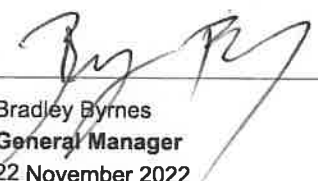
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Kevin Beatty  
**Mayor**  
22 November 2022




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Jamie Jones  
**Deputy Mayor**  
22 November 2022



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Bradley Byrnes  
**General Manager**  
22 November 2022



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Heather Nicholls  
**Responsible Accounting Officer**  
22 November 2022



## Cabonne 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	567	507
User charges	664	540
Interest and investment income	11	13
Other income	5	8
<b>Total income from continuing operations</b>	<b>1,247</b>	<b>1,068</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	574	531
Materials and services	386	591
Depreciation, amortisation and impairment	698	668
Other expenses	90	109
<b>Total expenses from continuing operations</b>	<b>1,748</b>	<b>1,899</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(501)</b>	<b>(831)</b>
Grants and contributions provided for capital purposes	1,213	1,133
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>712</b>	<b>302</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>712</b>	<b>302</b>
<b>Surplus (deficit) after tax</b>	<b>712</b>	<b>302</b>
<b>Plus accumulated surplus</b>	<b>26,045</b>	25,743
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>26,757</b>	26,045
<b>Return on capital %</b>	<b>(1.2)%</b>	(2.2)%
<b>Subsidy from Council</b>	<b>1,990</b>	1,395
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	712	302
Less: capital grants and contributions (excluding developer contributions)	(1,213)	(1,133)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Cabonne Council

### Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	2,199	2,063
User charges	69	71
Fees	3	5
Interest and investment income	24	17
<b>Total income from continuing operations</b>	<b>2,295</b>	<b>2,156</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	669	541
Borrowing costs	86	94
Materials and services	691	808
Depreciation, amortisation and impairment	901	871
Other expenses	327	367
<b>Total expenses from continuing operations</b>	<b>2,674</b>	<b>2,681</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(379)</b>	<b>(525)</b>
Grants and contributions provided for capital purposes	105	41
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(274)</b>	<b>(484)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(274)</b>	<b>(484)</b>
<b>Surplus (deficit) after tax</b>	<b>(274)</b>	<b>(484)</b>
<b>Plus accumulated surplus</b>	<b>23,861</b>	<b>24,345</b>
<b>Closing accumulated surplus</b>	<b>23,587</b>	<b>23,861</b>
<b>Return on capital %</b>	<b>(0.8)%</b>	<b>(1.1)%</b>
<b>Subsidy from Council</b>	<b>1,662</b>	<b>1,030</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(274)	(484)
Less: capital grants and contributions (excluding developer contributions)	(105)	(41)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Cabonne Council

### Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets and contract cost assets	370	435
Cash and cash equivalents	3,955	3,754
Receivables	1,785	445
<b>Total current assets</b>	<b>6,110</b>	<b>4,634</b>
<b>Non-current assets</b>		
Receivables	50	66
Infrastructure, property, plant and equipment	40,678	37,862
<b>Total non-current assets</b>	<b>40,728</b>	<b>37,928</b>
<b>Total assets</b>	<b>46,838</b>	<b>42,562</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	261	210
<b>Total current liabilities</b>	<b>261</b>	<b>210</b>
<b>Total liabilities</b>	<b>261</b>	<b>210</b>
<b>Net assets</b>	<b>46,577</b>	<b>42,352</b>
<b>EQUITY</b>		
Accumulated surplus	24,023	26,045
Revaluation reserves	22,554	16,307
<b>Total equity</b>	<b>46,577</b>	<b>42,352</b>

## Cabonne Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,292	2,785
Receivables	962	940
<b>Total current assets</b>	<b>4,254</b>	<b>3,725</b>
<b>Non-current assets</b>		
Receivables	150	180
Infrastructure, property, plant and equipment	37,395	40,178
<b>Total non-current assets</b>	<b>37,545</b>	<b>40,358</b>
<b>Total assets</b>	<b>41,799</b>	<b>44,083</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	19	43
Borrowings	1,403	145
<b>Total current liabilities</b>	<b>1,422</b>	<b>188</b>
<b>Non-current liabilities</b>		
Borrowings	-	1,403
<b>Total non-current liabilities</b>	<b>-</b>	<b>1,403</b>
<b>Total liabilities</b>	<b>1,422</b>	<b>1,591</b>
<b>Net assets</b>	<b>40,377</b>	<b>42,492</b>
<b>EQUITY</b>		
Accumulated surplus	20,952	23,861
Revaluation reserves	19,425	18,631
<b>Total equity</b>	<b>40,377</b>	<b>42,492</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### Cabonne Council Combined Sewerage Supplies

Sewerage reticulation and treatment operations servicing the towns of Molong, Eugowra, Canowindra, Cudal, Yeoval, Cumnock and Manildra.

These are reported under two special rate funds:

- Cabonne Sewer Fund, servicing the towns of Molong, Canowindra and Eugowra, and
- Small Town Sewer Fund, servicing the towns of Manildra, Cudal, Cumnock and Yeoval

#### Category 2

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

##### Cabonne Council Combined Water Supplies

Water supply operations servicing the towns of Molong, Yeoval and Cumnock, established as a combined special rate fund.

### 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% (20/21 26%)

Land tax – the first \$822,000 of combined land values attracts 0%. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of 2.0% applies.

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

In accordance with the Department of Planning, Industry & Environment – 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 Act.

Achievement of substantial compliance to the DPIE – 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% (20/21 26%).

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 not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

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

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

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:

**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 DPIE – 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 Best Practice Management of Water Supply and Sewer Guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIE – Water.

## Cabonne Council

# Special Purpose Financial Statements

for the year ended 30 June 2022

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## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial statements**

#### **Cabonne Council**

To the Councillors of Cabonne Council

### **Opinion**

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

The Declared Business Activities of the Council are:

- water supply
- sewerage.

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

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

### **Basis for Opinion**

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

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

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

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

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

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

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

## **Emphasis of Matter - Basis of Accounting**

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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



Karen Taylor  
Delegate of the Auditor-General for New South Wales

5 December 2022  
SYDNEY

# Cabonne Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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*“Cabonne Council is committed to providing sustainable local government to our rural communities through consultation and sound financial management which will ensure equitable resource allocation.”*



Cabonne Council

Special Schedules

for the year ended 30 June 2022

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Contents

Page

**Special Schedules:**

Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	7

## Cabonne 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	10,707	10,941
Plus or minus adjustments <sup>2</sup>	b	25	7
<b>Notional general income</b>	c = a + b	<b>10,732</b>	<b>10,948</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	i = e x (c + g)	215	219
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>10,947</b>	<b>11,167</b>
Plus (or minus) last year's carry forward total	l	(3)	3
<b>Sub-total</b>	n = (l + m)	<b>(3)</b>	<b>3</b>
<b>Total permissible income</b>	o = k + n	<b>10,944</b>	<b>11,170</b>
Less notional general income yield	p	10,941	11,150
<b>Catch-up or (excess) result</b>	q = o - p	<b>3</b>	<b>20</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>3</b>	<b>20</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)*.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## **INDEPENDENT AUDITOR'S REPORT**

### **Special Schedule – Permissible income for general rates**

#### **Cabonne Council**

To the Councillors of Cabonne Council

### **Opinion**

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

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

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

### **Basis for Opinion**

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

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

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

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

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

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

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

### **Emphasis of Matter - Basis of Accounting**

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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



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

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



Karen Taylor  
Delegate of the Auditor-General for New South Wales

5 December 2022  
SYDNEY

## Cabonne Council

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

Asset Class	Asset Category	Estimated cost				Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost						
		Estimated cost to bring assets to satisfactory standard	Estimated cost to bring assets to agreed level of service set by Council	2021/22 Required maintenance <sup>a</sup>	2021/22 Actual maintenance			1	2	3	4	5		
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000							
<b>Buildings</b>	Buildings	18,037	6,013	262	232	–	84,571	26.0%	12.0%	32.0%	29.0%	1.0%		
	<b>Sub-total</b>	<b>18,037</b>	<b>6,013</b>	<b>262</b>	<b>232</b>	<b>35,712</b>	<b>84,571</b>	<b>26.0%</b>	<b>12.0%</b>	<b>32.0%</b>	<b>29.0%</b>	<b>1.0%</b>		
<b>Other structures</b>	Other structures	1,736	54	–	–	7,907	12,459	6.0%	28.0%	60.0%	6.0%	0.0%		
	<b>Sub-total</b>	<b>1,736</b>	<b>54</b>	<b>–</b>	<b>–</b>	<b>7,907</b>	<b>12,459</b>	<b>6.0%</b>	<b>28.0%</b>	<b>60.0%</b>	<b>6.0%</b>	<b>0.0%</b>		
<b>Roads</b>	Roads	14,555	6,986	3,741	3,697	151,394	243,640	69.0%	18.0%	5.0%	4.0%	4.0%		
	Bridges	5,719	2,288	9	1	50,408	79,801	40.0%	42.0%	8.0%	8.0%	2.0%		
	Footpaths	4,730	73	141	62	8,331	10,321	51.0%	36.0%	12.0%	1.0%	0.0%		
	Bulk earthworks	–	–	–	–	170,374	170,374	100.0%	0.0%	0.0%	0.0%	0.0%		
	<b>Sub-total</b>	<b>25,004</b>	<b>9,347</b>	<b>3,891</b>	<b>3,760</b>	<b>380,507</b>	<b>504,136</b>	<b>74.5%</b>	<b>16.1%</b>	<b>3.9%</b>	<b>3.2%</b>	<b>2.2%</b>		
<b>Water supply network</b>	Water supply network	20,023	7,712	758	573	–	54,117	0.0%	9.0%	45.0%	35.0%	11.0%		
	<b>Sub-total</b>	<b>20,023</b>	<b>7,712</b>	<b>758</b>	<b>573</b>	<b>23,432</b>	<b>54,117</b>	<b>0.0%</b>	<b>9.0%</b>	<b>45.0%</b>	<b>35.0%</b>	<b>11.0%</b>		
<b>Sewerage network</b>	Sewerage network	11,352	2,645	1,184	982	–	43,638	0.0%	21.0%	64.0%	6.0%	9.0%		
	<b>Sub-total</b>	<b>11,352</b>	<b>2,645</b>	<b>1,184</b>	<b>982</b>	<b>27,924</b>	<b>43,638</b>	<b>0.0%</b>	<b>21.0%</b>	<b>64.0%</b>	<b>6.0%</b>	<b>9.0%</b>		
<b>Stormwater drainage</b>	Stormwater drainage	2,588	1,393	–	–	63,155	79,621	80.0%	14.0%	2.0%	1.0%	3.0%		
	<b>Sub-total</b>	<b>2,588</b>	<b>1,393</b>	<b>–</b>	<b>–</b>	<b>63,155</b>	<b>79,621</b>	<b>80.0%</b>	<b>14.0%</b>	<b>2.0%</b>	<b>1.0%</b>	<b>3.0%</b>		
<b>Open space / recreational assets</b>	Swimming pools	3,157	–	616	797	6,752	11,174	0.0%	47.0%	53.0%	0.0%	0.0%		
	Open Spaces	577	24	–	–	2,996	4,704	9.0%	39.0%	47.0%	5.0%	0.0%		
	<b>Sub-total</b>	<b>3,734</b>	<b>24</b>	<b>616</b>	<b>797</b>	<b>9,748</b>	<b>15,878</b>	<b>2.7%</b>	<b>44.6%</b>	<b>51.2%</b>	<b>1.5%</b>	<b>0.0%</b>		
<b>Total – all assets</b>		<b>82,474</b>	<b>27,188</b>	<b>6,711</b>	<b>6,344</b>	<b>548,385</b>	<b>794,420</b>	<b>58.2%</b>	<b>16.0%</b>	<b>14.6%</b>	<b>8.1%</b>	<b>3.1%</b>		

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

#### Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required

## Cabonne Council

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

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4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Cabonne Council

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

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

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>9,461</b>	<b>97.52%</b>	119.70%	47.60%	>= 100.00%
Depreciation, amortisation and impairment	<b>9,702</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>82,474</b>	<b>14.51%</b>	12.53%	10.29%	< 2.00%
Net carrying amount of infrastructure assets	<b>568,273</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>6,344</b>	<b>94.53%</b>	93.33%	100.00%	> 100.00%
Required asset maintenance	<b>6,711</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>27,188</b>	<b>3.42%</b>	3.05%	2.27%	
Gross replacement cost	<b>794,420</b>				

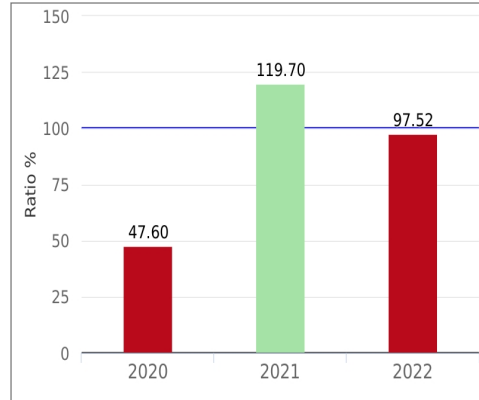
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

# Cabonne Council

## Report on infrastructure assets as at 30 June 2022

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

**Commentary on result**

21/22 ratio 97.52%

Prolonged rainfall during the course of the 2022 Financial year resulted in a delayed start to the works program and therefore the full expected program was not met by the end of the financial year. Considering the weather conditions, as well as the significant challenges met with obtaining materials and supplies council was able to complete a large number of road upgrades, culvert and bridge replacements.

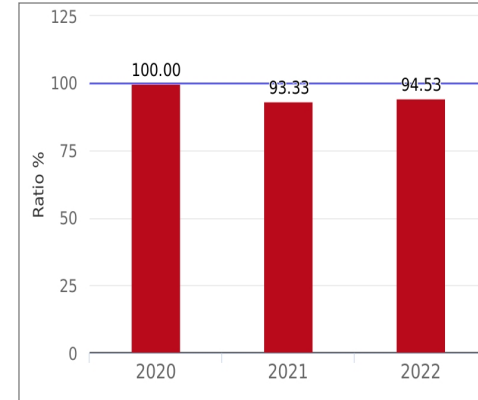
Benchmark: —  $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

**Commentary on result**

21/22 ratio 94.53%

The result for 2022 aligns closely with the 2021 and 2020 year results. A wet season and staff absences has at times impacted Council's ability to perform the scheduled maintenance activities.

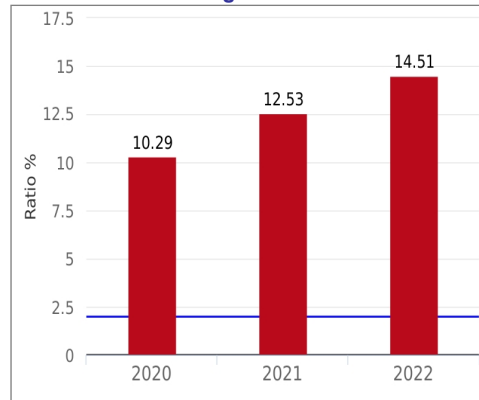
Benchmark: —  $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

**Commentary on result**

21/22 ratio 14.51%

Council continues to have an increasing high backlog ratio in particular water and sewer network assets

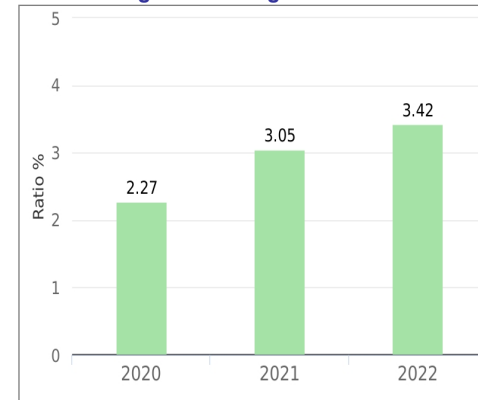
Benchmark: —  $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

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

**Commentary on result**

21/22 ratio 3.42%

The 2022 result is still within the benchmark but the backlog of renewal works has grown due to the impact of Covid-19 and global supply issues.