

Cobar Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Cobar Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

Linsley Street
Cobar, NSW 2835

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

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

A description of the nature of Council's operations and its principal activities are provided in Note B1-2. Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.cobar.nsw.gov.au.

Cobar Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council and community.

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

Cobar Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements (continued)

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

Key Events of 2021-2022

COVID-19

The global health crisis from the COVID-19 virus has not had a material impact on Council's operations which is reflected in the financial statements.

Cobar Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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:

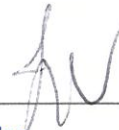
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 13 October 2022.



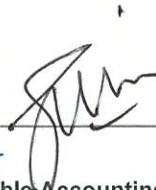
Peter Abbott
Mayor
13 October 2022



Jarrod Marsden
Deputy Mayor
13 October 2022



Peter Vlatko
General Manager
13 October 2022



Kym Miller
Responsible Accounting Officer
13 October 2022

Cobar Shire Council

Income Statement

for the year ended 30 June 2022

<i>Original unaudited budget</i>				<i>Actual</i>	<i>Actual</i>
2022	\$ '000		Notes	2022	2021
		Income from continuing operations			
6,748		Rates and annual charges	B2-1	6,801	6,488
22,513		User charges and fees	B2-2	20,277	18,561
–		Other revenues	B2-3	4,243	7,305
13,930		Grants and contributions provided for operating purposes	B2-4	11,178	10,390
26,326		Grants and contributions provided for capital purposes	B2-4	12,015	12,672
100		Interest and investment income		136	132
–		Net gain from the disposal of assets	B4-1	152	–
69,617		Total income from continuing operations		54,802	55,548
		Expenses from continuing operations			
12,813		Employee benefits and on-costs	B3-1	14,957	14,047
24,187		Materials and services	B3-2	20,581	21,000
78		Borrowing costs		47	61
7,227		Depreciation, amortisation and impairment of non-financial assets	B3-3	7,260	6,881
–		Other expenses	B3-4	298	342
–		Net loss from the disposal of assets	B4-1	–	1,478
44,305		Total expenses from continuing operations		43,143	43,809
25,312		Operating result from continuing operations		11,659	11,739
25,312		Net operating result for the year attributable to Council		11,659	11,739
		Net operating result for the year before grants and contributions provided for capital purposes			
1,014				(356)	(933)

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

Cobar Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		11,659	11,739
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	32,781	3,686
Other comprehensive income – joint ventures and associates		(49)	41
Total items which will not be reclassified subsequently to the operating result		32,732	3,727
Total other comprehensive income for the year		32,732	3,727
Total comprehensive income for the year attributable to Council		44,391	15,466

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

Cobar Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	13,432	12,926
Investments	C1-2	10,000	16,000
Receivables	C1-4	3,459	2,132
Inventories		1,443	1,916
Total current assets		28,334	32,974
Non-current assets			
Receivables	C1-4	314	297
Infrastructure, property, plant and equipment (IPPE)	C1-5	402,711	351,754
Right of use assets		108	93
Investments accounted for using the equity method	D2-3	654	703
Total non-current assets		403,787	352,847
Total assets		432,121	385,821
LIABILITIES			
Current liabilities			
Payables	C2-1	3,374	3,319
Contract liabilities	C2-2	3,072	6,932
Lease liabilities		46	46
Borrowings		289	289
Employee benefit provisions	C2-3	2,295	2,334
Provisions	C2-4	35	35
Total current liabilities		9,111	12,955
Non-current liabilities			
Lease liabilities		75	58
Borrowings		72	309
Employee benefit provisions	C2-3	260	55
Provisions	C2-4	5,827	59
Total non-current liabilities		6,234	481
Total liabilities		15,345	13,436
Net assets		416,776	372,385
EQUITY			
Accumulated surplus	C3-1	138,296	126,686
IPPE revaluation reserve	C3-1	278,480	245,699
Total equity		416,776	372,385

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

Cobar Shire 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		126,686	245,699	372,385	114,906	242,013	356,919
Net operating result for the year		11,659	–	11,659	11,739	–	11,739
Net operating result for the period		11,659	–	11,659	11,739	–	11,739
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	–	32,781	32,781	–	3,686	3,686
Joint ventures and associates		(49)	–	(49)	41	–	41
Other comprehensive income		(49)	32,781	32,732	41	3,686	3,727
Total comprehensive income		11,610	32,781	44,391	11,780	3,686	15,466
Closing balance at 30 June		138,296	278,480	416,776	126,686	245,699	372,385

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

Cobar Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

<i>Original unaudited budget</i>			<i>Actual</i>	<i>Actual</i>
2022	\$ '000	Notes	2022	2021
Cash flows from operating activities				
<i>Receipts:</i>				
6,700	Rates and annual charges		6,569	6,368
20,658	User charges and fees		20,433	20,304
100	Interest received		133	278
34,731	Grants and contributions		19,880	27,374
–	Bonds, deposits and retentions received		11	55
3,000	Other revenues		2,617	5,020
<i>Payments:</i>				
(12,812)	Payments to employees		(14,623)	(13,925)
(19,761)	Payments for materials and services		(22,621)	(24,095)
(78)	Borrowing costs		(47)	(61)
32,538	Net cash flows from operating activities	G1-1	16,717	21,318
Cash flows from investing activities				
<i>Receipts:</i>				
2,500	Redemption of term deposits		–	–
600	Proceeds from sale of IPPE		152	(1,478)
<i>Payments:</i>				
–	Acquisition of term deposits		232	(1,000)
(38,054)	Payments for IPPE		(16,310)	(13,399)
(34,954)	Net cash flows from investing activities		(15,926)	(15,877)
Cash flows from financing activities				
<i>Payments:</i>				
(364)	Repayment of borrowings		(237)	(222)
(50)	Principal component of lease payments		(48)	(39)
(414)	Net cash flows from financing activities		(285)	(261)
(2,830)	Net change in cash and cash equivalents		506	5,180
7,000	Cash and cash equivalents at beginning of year		12,926	7,746
4,170	Cash and cash equivalents at end of year	C1-1	13,432	12,926
10,000	plus: Investments on hand at end of year	C1-2	10,000	16,000
14,170	Total cash, cash equivalents and investments		23,432	28,926

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

Cobar Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 13 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-8
- 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 – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

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 other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The consolidated fund has been included in the Council's financial statements.

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

- General Purpose Operations
- Cobar Water Supply
- Cobar Sewerage Service

A1-1 Basis of preparation (continued)

The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW) (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets 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 other assets subject to Council's control have been included in these reports.

The following Trust monies and other assets are held by Council but are not considered to be under the control of Council and therefore are excluded from these financial statements:

Monies held in trust by the Lilliane Brady Village for their residents

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (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:

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

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

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

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

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

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

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

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,

A1-1 Basis of preparation (continued)

- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

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

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

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

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.

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

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

New accounting standards adopted during the year

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

Those newly adopted standards have had no material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Functions or activities										
Community services & education	10,843	13,254	8,850	7,716	1,993	5,538	800	2,482	11,707	10,229
Corporate support	5,240	4,909	2,565	2,066	2,675	2,843	14	–	29,004	27,213
Economic affairs	–	–	4	3	(4)	(3)	–	–	–	–
Environment	954	317	366	288	588	29	886	–	–	–
General purpose revenues	5,926	5,194	–	–	5,926	5,194	5,926	5,194	–	–
Governance	13	191	831	747	(818)	(556)	–	–	–	–
Housing & community amenities	1,383	1,663	2,698	2,601	(1,315)	(938)	142	–	8,006	6,995
Joint Arrangements	–	41	49	–	(49)	41	–	–	654	703
Mining & Manufacture	159	8	150	8	9	–	–	–	–	–
Public health	13	22	332	255	(319)	(233)	–	891	–	–
Public order & safety	1,977	1,035	821	790	1,156	245	91	–	2,597	2,269
Recreation & culture	1,016	2,499	1,605	1,330	(589)	1,169	931	–	21,863	19,103
Sewer	943	1,973	1,215	1,054	(272)	919	–	1,042	19,415	15,391
Other	–	–	–	–	–	–	–	–	–	329
Transport & communication	21,416	18,144	18,077	17,857	3,339	287	12,878	9,957	312,903	273,404
Water	4,919	6,298	5,580	9,094	(661)	(2,796)	1,525	3,496	25,972	30,185
Total functions and activities	54,802	55,548	43,143	43,809	11,659	11,739	23,193	23,062	432,121	385,821

B1-2 Components of functions or activities

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

Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking.

Corporate support

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

Public order & safety

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

Public health

Includes immunisation, food control, health centres etc.

Environment

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

Community services & education

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

Housing & community amenities

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

Recreation & culture

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

Mining & Manufacture

Includes building control, quarries and pits and mineral resources.

Transport & communication

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

Economic affairs

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

General Purpose revenues

Includes Council's Financial Assistance Grant.

Water

Includes Councils water filtration operations and potable and raw water supply.

Sewer

Includes Councils sewer treatment operations and effluent supply.

B1-2 Components of functions or activities (continued)

Joint Arrangements

Includes interest in Far North West Joint Organisation.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	1,212	1,177
Farmland	734	727
Mining	1,842	1,789
Business	465	458
Less: pensioner rebates (mandatory)	(46)	(47)
Rates levied to ratepayers	4,207	4,104
Pensioner rate subsidies received	33	36
Total ordinary rates	4,240	4,140
Special rates		
Water supplies	994	805
Sewerage services	910	916
Less: pensioner rebates (mandatory)	(20)	(29)
Rates levied to ratepayers	1,884	1,692
Pensioner rate subsidies received:		
– Water	11	12
– Sewerage	10	10
Total special rates	1,905	1,714
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	674	652
Less: pensioner rebates (mandatory)	(18)	(18)
Annual charges levied	656	634
Total annual charges	656	634
Total rates and annual charges	6,801	6,488

Council has used 2020 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	<i>Timing</i>	2022	2021
Specific user charges			
<small>(per s.502 - specific 'actual use' charges)</small>			
Water supply services	2	2,363	1,973
Sewerage services	2	16	8
Waste management services (non-domestic)	2	172	322
Total specific user charges		2,551	2,303
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			

continued on next page ...

B2-2 User charges and fees (continued)

\$ '000	Timing	2022	2021
Inspection services	2	8	5
Planning and building regulation	2	75	108
Private works – section 67	2	484	552
Other	2	–	81
Cobar Water Board service fee	2	327	203
Total fees and charges – statutory/regulatory		984	949
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	71	66
Aged care	2	3,756	3,052
Caravan park	2	115	132
Child care	2	4,335	3,657
RMS charges (state roads not controlled by Council)	1	6,582	6,966
Rent and hire of non-investment property	2	467	353
Other	2	1,179	1,083
Total fees and charges – other		16,742	15,309
Total other user charges and fees		17,726	16,258
Total user charges and fees		20,277	18,561
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		6,582	6,966
User charges and fees recognised at a point in time (2)		13,695	11,595
Total user charges and fees		20,277	18,561

Accounting policy

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

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Fair value of assets contributed to Council	2	3,308	6,685
Other	2	935	620
Total other revenue		4,243	7,305
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		4,243	7,305
Total other revenue		4,243	7,305

Accounting policy for other revenue

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

B2-3 Other revenues (continued)

In 2022 Council received Kubby House Childcare Centre, Memorial Hostel and RFS Assets (2021: Lilliane Brady Village and RFS Assets).

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,336	2,074	–	–
Financial assistance – local roads component	2	1,001	889	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,591	2,222	–	–
Financial assistance – local roads component	2	1,539	952	–	–
Amount recognised as income during current year		8,467	6,137	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
– Water	2	45	–	–	–
– Other	2	80	–	–	–
Water supplies	1	158	24	1,321	3,464
Sewerage services	1	–	–	–	1,032
Childrens services	2	93	176	–	–
Community services	2	153	93	250	–
Library	2	73	72	–	–
NSW rural fire services	2	91	103	–	–
Recreation and culture	2	109	33	1,173	2,777
Storm/flood damage	2	1,515	–	–	–
Fixing country roads	1	–	–	5,051	–
Resources for regions	1	123	–	–	–
Street lighting	2	43	120	–	–
Transport	1	194	3,503	2,839	3,693
Other specific grants	1	34	111	572	1,535
Total special purpose grants and non-developer contributions (tied)		2,711	4,235	11,206	12,501
Total grants and non-developer contributions		11,178	10,372	11,206	12,501
Comprising:					
– Commonwealth funding		8,467	6,137	–	2,427
– State funding		2,711	4,235	11,206	10,074
		11,178	10,372	11,206	12,501
Developer contributions					
S 7.11 – contributions towards amenities/services	2	–	–	275	–
S 7.12 – fixed development consent levies	2	–	–	435	76
S 64 – sewerage service contributions	2	–	10	–	–
Total contributions		–	18	809	171

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Total grants and contributions		11,178	10,390	12,015	12,672
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		386	2,027	10,171	9,724
Grants and contributions recognised at a point in time (2)		10,792	8,363	1,844	2,948
Total grants and contributions		11,178	10,390	12,015	12,672

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include completion of services etc.. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	11,686	11,077
Employee leave entitlements (ELE)	1,226	1,127
Superannuation	1,003	938
Superannuation – defined benefit plans	77	72
Workers' compensation insurance	714	582
Other	340	422
Total employee costs	15,046	14,218
Less: capitalised costs	(89)	(171)
Total employee costs expensed	14,957	14,047
Number of 'full-time equivalent' employees (FTE) at year end	133	140
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	173	157

Accounting policy

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

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.

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		26,959	28,713
Contractor and consultancy costs		555	267
Information technology		255	45
Printing and copy services		90	83
Roadworks (pavement stabilisation)		3,283	855
Roadworks (spray sealing)		2,078	2,146
Swimming pool		229	227
Audit Fees	F2-1	73	75
Councillor and Mayoral fees and associated expenses	F1-2	176	160
Fire control expenses		144	103
Insurance		252	226
Street lighting		76	77
Telephone and communications		124	110
Child care		3,082	2,479
Other expenses		103	469
Licenses		61	59
Legal expenses:			
– Legal expenses: debt recovery		2	1
– Legal expenses: other		51	19
Total materials and services		37,593	36,114
Less: capitalised costs		(17,012)	(15,114)
Total materials and services		20,581	21,000

B3-2 Materials and services (continued)

Accounting policy

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

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		969	939
Office equipment		46	37
Furniture and fittings		9	10
Land improvements (depreciable)		130	116
Rural Fire Service – Vested Assets		191	185
Infrastructure:	C1-5		
– Buildings – non-specialised		197	189
– Buildings – specialised		813	569
– Other structures		45	39
– Roads		3,503	3,461
– Stormwater drainage		81	80
– Water supply network		672	664
– Sewerage network		277	255
– Other open space/recreational assets		238	261
Right of use assets		50	43
Other assets:			
– Library books		38	32
– Other		1	1
Total depreciation and amortisation costs		7,260	6,881
Total depreciation, amortisation and impairment for non-financial assets		7,260	6,881

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-4 Other expenses

\$ '000	Notes	2022	2021
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Impairment of receivables

continued on next page ...

B3-4 Other expenses (continued)

\$ '000	Notes	2022	2021
Other		8	(16)
Total impairment of receivables	C1-4	8	(16)
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		9	11
– NSW fire brigade levy		28	30
– NSW rural fire service levy		217	298
Donations, contributions and assistance to other organisations (Section 356)		36	19
Total other expenses		298	342

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		–	–
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of plant and equipment			
	C1-5		
Proceeds from disposal – plant and equipment		152	36
Less: carrying amount of plant and equipment assets sold/written off		–	–
Gain (or loss) on disposal		152	36
Gain (or loss) on disposal of infrastructure			
	C1-5		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		–	(1,514)
Gain (or loss) on disposal		–	(1,514)
Net gain (or loss) from disposal of assets		152	(1,478)

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 24/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Other revenues	–	4,243	4,243	∞ F
Council does not budget for other revenue as it typically consists of contributed assets.				
Operating grants and contributions	13,930	11,178	(2,752)	(20)% U
Differences in timing of grant revenue and an increase in the Financial Assistance grant have caused the material variation.				
Capital grants and contributions	26,326	12,015	(14,311)	(54)% U
Variances are due to timing of income related to contract liabilities, and the unsuccessful grant application for the Wooltrack..				
Interest and investment revenue	100	136	36	36% F
Increase in overall interest rates in later part of financial year.				
Expenses				
Employee benefits and on-costs	12,813	14,957	(2,144)	(17)% U
The budgeted amount only includes salaries and wages.				
Materials and services	24,187	20,581	3,606	15% F
Borrowing costs	78	47	31	40% F
Expected borrowing for shire road culverts in 21/22 will now not occur until 22/23.				
Statement of cash flows				
Cash flows from operating activities	32,538	16,717	(15,821)	(49)% U
The variance is caused by expected capital grant funding not received in 21/22 due to grants not awarded.				
Cash flows from investing activities	(34,954)	(15,926)	19,028	(54)% F
The variance is caused by expected capital grant funding not received in 21/22, and expected asset purchases not occurring.				
Cash flows from financing activities	(414)	(285)	129	(31)% F
Expected borrowing for shire road culverts in 21/22 will now not occur until 22/23.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	6,432	4,926
Cash equivalent assets		
– Short-term deposits	7,000	8,000
Total cash and cash equivalents	13,432	12,926

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,432	12,926
Balance as per the Statement of Cash Flows	13,432	12,926

Accounting policy

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

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Long term deposits	10,000	–	16,000	–
Total	10,000	–	16,000	–
Total financial investments	10,000	–	16,000	–
Total cash assets, cash equivalents and investments	23,432	–	28,926	–

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 or loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

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

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

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

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	23,432	28,926
Less: Externally restricted cash, cash equivalents and investments	<u>(10,428)</u>	<u>(15,588)</u>
Cash, cash equivalents and investments not subject to external restrictions	13,004	13,338

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended grants – general fund	3,072	8,058
External restrictions – included in liabilities	3,072	8,058

External restrictions

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

Developer contributions – general	1,780	1,105
Developer contributions – water fund	61	61
Developer contributions – sewer fund	153	151
Water fund	115	1,192
Sewer fund	2,033	2,231
Other	35	35
Domestic waste management	3,179	2,755
Total external restrictions	10,428	15,588

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.

C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	660	388	415	364
User charges and fees	541	–	514	–
Private works	823	–	585	–
Accrued revenues				
– Interest on investments	24	–	21	–
– Other income accruals	1,419	–	–	–

continued on next page ...

C1-4 Receivables (continued)

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
– User Fees and Charges - Transport for NSW	–	–	603	–
Total	3,467	388	2,138	364
Less: provision for impairment				
Rates and annual charges	(8)	(74)	(6)	(67)
Total provision for impairment – receivables	(8)	(74)	(6)	(67)
Total net receivables	3,459	314	2,132	297

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	74	90
+ new provisions recognised during the year	8	(16)
Balance at the end of the year	82	74

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.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation decrements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	8,200	–	8,200	–	5,504	–	–	–	–	13,704	–	13,704
Plant and equipment	18,713	(11,245)	7,468	–	1,663	(131)	(1,160)	12	–	20,533	(12,681)	7,852
Office equipment	1,634	(1,467)	167	–	–	–	(46)	–	–	1,634	(1,513)	121
Furniture and fittings	298	(148)	150	–	–	–	(9)	–	–	298	(157)	141
Land:												
– Operational land	3,930	–	3,930	–	172	(30)	–	–	–	4,072	–	4,072
– Community land	2,948	–	2,948	–	–	–	–	–	–	2,948	–	2,948
Land improvements – depreciable	5,790	(1,768)	4,022	–	207	–	(130)	–	126	6,181	(1,956)	4,225
Infrastructure:												
– Buildings – non-specialised	9,482	(3,492)	5,990	–	–	(214)	(197)	–	172	9,549	(3,798)	5,751
– Buildings – specialised	43,541	(17,229)	26,312	–	2,227	–	(813)	–	3,200	51,050	(20,124)	30,926
– Other structures	1,442	(690)	752	–	80	–	(45)	–	91	1,698	(820)	878
– Roads	299,911	(53,826)	246,085	772	8,362	–	(3,503)	–	26,260	341,287	(63,311)	277,976
– Stormwater drainage	8,022	(3,126)	4,896	–	–	–	(81)	–	758	9,284	(3,711)	5,573
– Water supply network	38,885	(17,394)	21,491	–	–	–	(672)	–	1,193	41,113	(19,101)	22,012
– Sewerage network	21,668	(7,101)	14,567	–	27	–	(277)	–	820	22,939	(7,802)	15,137
– Other open space/recreational assets	8,399	(3,692)	4,707	–	814	(59)	(238)	–	161	9,281	(3,896)	5,385
Other assets:												
– Library books	788	(750)	38	–	39	–	(38)	–	–	827	(788)	39
– Other	55	(24)	31	–	173	–	(1)	–	–	228	(25)	203
Reinstatement, rehabilitation and restoration assets (refer Note C2-4):												
– Tip assets	–	–	–	–	5,768	–	–	–	–	5,768	–	5,768
Total infrastructure, property, plant and equipment	473,706	(121,952)	351,754	772	25,036	(434)	(7,210)	12	32,781	542,394	(139,683)	402,711

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

C1-5 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Restated Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Restated Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	6,144	–	6,144	–	13,804	(32)	–	(11,716)	–	8,200	–	8,200
Plant and equipment	18,096	(11,344)	6,752	–	2,067	(227)	(1,124)	–	–	18,713	(11,245)	7,468
Office equipment	1,576	(1,430)	146	–	58	–	(37)	–	–	1,634	(1,467)	167
Furniture and fittings	258	(138)	120	–	40	–	(10)	–	–	298	(148)	150
Land:												
– Operational land	3,930	–	3,930	–	–	–	–	–	–	3,930	–	3,930
– Community land	2,871	–	2,871	–	–	–	–	–	77	2,948	–	2,948
Land improvements – depreciable	5,337	(1,631)	3,706	23	432	–	(116)	–	(23)	5,790	(1,768)	4,022
Infrastructure:												
– Buildings – non-specialised	9,109	(4,291)	4,818	407	646	–	(189)	–	308	9,482	(3,492)	5,990
– Buildings – specialised	33,478	(16,040)	17,438	2,526	7,337	–	(569)	–	(420)	43,541	(17,229)	26,312
– Other structures	1,493	(648)	845	–	2	–	(39)	–	(56)	1,442	(690)	752
– Roads	295,638	(50,361)	245,277	1,862	1,972	–	(3,461)	435	–	299,911	(53,826)	246,085
– Stormwater drainage	8,022	(3,046)	4,976	–	–	–	(80)	–	–	8,022	(3,126)	4,896
– Water supply network	40,690	(18,786)	21,904	2,178	–	(1,514)	(664)	(435)	22	38,885	(17,394)	21,491
– Sewerage network	20,157	(8,988)	11,169	82	44	–	(255)	–	3,527	21,668	(7,101)	14,567
– Other open space/recreational assets	7,833	(3,170)	4,663	24	30	–	(261)	–	251	8,399	(3,692)	4,707
Other assets:												
– Library books	750	(719)	31	–	39	–	(32)	–	–	788	(750)	38
– Other	55	(23)	32	–	–	–	(1)	–	–	55	(24)	31
Total infrastructure, property, plant and equipment	455,437	(120,615)	334,822	7,102	26,471	(1,773)	(6,838)	(11,716)	3,686	473,706	(121,952)	351,754

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

C1-5 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 unless revalued.

Council also indexed roads, buildings, other structures, recreational assets, land improvements and stormwater in accordance with relevant indices to June 2022.

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:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60		
Kerb, gutter and footpaths	40		

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

Land under roads

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

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

C1-5 Infrastructure, property, plant and equipment (continued)

Crown reserves

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

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

Rural Fire Service assets

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

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

C2 Liabilities of Council

C2-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Payables				
Goods and services – operating expenditure	2,597	–	1,636	–
Accrued expenses:				
– Salaries and wages	519	–	351	–
– Other expenditure accruals	285	–	1,241	–
Security bonds, deposits and retentions	66	–	55	–
ATO – net GST payable/(receivable)	(306)	–	(149)	–
Prepaid rates	213	–	185	–
Total payables	3,374	–	3,319	–
Total payables	3,374	–	3,319	–

Accounting policy

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

Payables

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

C2-2 Contract Liabilities

\$ '000	Notes	2022 Current	2021 Current
Grants and contributions received in advance:			
Fixing Local Roads	(i)	1,908	3,415
Resources for Region - Reticulation & Storm Water Upgrades	(i)	–	1,435
Other unexpended capital grants (to construct Council controlled assets)	(i)	1,164	1,535
Total grants received in advance		3,072	6,385
User fees and charges received in advance:			
Upfront fees – Transport for NSW	(iii)	–	547
Total user fees and charges received in advance		–	547
Total contract liabilities		3,072	6,932

Notes

Council has received funding to construct assets including roads, water assets, sporting facilities, 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.

Significant changes in contract liabilities

Council have received a significant amount of grant funding in advance in the 2020 - 2022 financial years. A portion of funds have been expended in this financial year and the balance is expected to be spent over the next 12 months. Revenue will be recognised in the 2022/2023 financial year.

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.

C2-3 Employee benefit provisions

C2-3 Employee benefit provisions (continued)

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	996	–	1,004	–
Long service leave	1,269	260	1,296	55
Time in lieu	30	–	34	–
Total employee benefit provisions	2,295	260	2,334	55

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	1,800	2,000
	1,800	2,000

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.

C2-4 Provisions

\$ '000	2022	2022	2021	2021
	Current	Non-Current	Current	Non-Current
Other provisions				
Other	35	–	35	–
Sub-total – other provisions	35	–	35	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	5,827	–	59
Sub-total – asset remediation/restoration	–	5,827	–	59
Total provisions	35	5,827	35	59

C2-4 Provisions (continued)

Nature and purpose of provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip as a result of past operations.

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

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

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

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	4,341	1,525	935
User charges and fees	17,868	2,409	–
Interest and investment revenue	128	–	8
Other revenues	4,243	–	–
Grants and contributions provided for operating purposes	11,020	158	–
Grants and contributions provided for capital purposes	11,234	781	–
Net gains from disposal of assets	152	–	–
Total income from continuing operations	48,986	4,873	943
Expenses from continuing operations			
Employee benefits and on-costs	12,830	1,514	613
Materials and services	16,913	3,344	324
Borrowing costs	47	–	–
Depreciation, amortisation and impairment of non-financial assets	6,306	677	277
Other expenses	298	–	–
Total expenses from continuing operations	36,394	5,535	1,214
Operating result from continuing operations	12,592	(662)	(271)
Net operating result for the year	12,592	(662)	(271)
Net operating result attributable to each council fund	12,592	(662)	(271)
Net operating result for the year before grants and contributions provided for capital purposes	1,358	(1,443)	(271)

D1-2 Statement of Financial Position by fund

ASSETS

Current assets

Cash and cash equivalents	11,070	176	2,186
Investments	10,000	–	–
Receivables	2,645	666	148
Inventories	1,443	–	–
Total current assets	25,158	842	2,334

Non-current assets

Receivables	314	–	–
Infrastructure, property, plant and equipment	360,500	25,130	17,081
Investments accounted for using the equity method	654	–	–
Right of use assets	108	–	–
Total non-current assets	361,576	25,130	17,081
Total assets	386,734	25,972	19,415

LIABILITIES

Current liabilities

continued on next page ...

D1-2 Statement of Financial Position by fund (continued)

\$ '000	General 2022	Water 2022	Sewer 2022
Payables	2,790	543	41
Contract liabilities	3,072	–	–
Lease liabilities	46	–	–
Borrowings	289	–	–
Employee benefit provision	2,295	–	–
Provisions	35	–	–
Total current liabilities	8,527	543	41
Non-current liabilities			
Lease liabilities	75	–	–
Borrowings	72	–	–
Employee benefit provision	260	–	–
Provisions	5,827	–	–
Total non-current liabilities	6,234	–	–
Total liabilities	14,761	543	41
Net assets	371,973	25,429	19,374
EQUITY			
Accumulated surplus	110,415	23,365	4,516
Revaluation reserves	261,558	2,064	14,858
Council equity interest	371,973	25,429	19,374
Total equity	371,973	25,429	19,374

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2022	2021
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Far North West Joint Organisation	654	703
Total net share of interests in joint ventures and associates using the equity method – assets	654	703
Total Council's share of net assets	654	703

Interest in Joint Arrangements

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.

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

Legal Status of Joint Organisation

The FNWJO is a separately constituted entity pursuant to Part 7 (Sections 4000O to 400ZH) of the Local Government Act (NSW) 1993, as amended, and the Local Government {General} Regulation 2008. The charter of the FNWJO can be found here: <https://www.farnorthwestjo.nsw.gov.au/>

The FNWJO was formed in July 2018 and has the same year end date as the Council.

What the Joint Organisation does

The principal purpose of the FNWJO is to establish strategic regional priorities and to provide regional leadership to the geographical area for which it serves, and to identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area.

Joint Organisation Participants

The percentage of ownership interest held is equivalent to the percentage voting rights for all associates as follows:

FNWJO comprises the Councils of Shires Cobar, Bourke and Walgett in north western NSW. The Board of the FNWJO comprises of 3 voting members being the mayors of the three member Councils, and non-voting members being the General Managers of the Shires of Cobar, Bourke and Walgett, as well as 3 appointed members from the State Government and Cabinet (non-voting). Ross Earl was appointed as the Executive Officer of the Board (non-voting) in 2021-22.

Councils powers of control or influence over the Joint Organisation

Cobar Shire Council, as a member of the FNWJO, has one third voting right in respect to the decisions of the Board.

Councils financial obligation to the Joint Organisation

In accordance with the Charter each member of the FNWJO contributes annual fees towards the operation of the joint organisation. In 2021-22 the contribution made by Cobar Shire Council was \$31,568.

Councils liability obligations in relation to the Joint Organisation

Members of the FNWJO are indemnified from liability for functions and duties carried out or omitted honestly, in good faith and with due care and diligence.

D2-1 Interest in Joint Arrangements (continued)

Liability for operational losses or winding up of the FNWJO

All grant funding received and distributed through the FNWJO will have a 5% administration fee that will remain with the JO. The FNWJO signed a contract to provide an Air Service to the towns of Cobar, Bourke, Lightning Ridge and Walgett. The contract is Commercial-in-confidence and has a clause that safeguard Councils for any long term liability which is contained within the termination clause. The air service will be supported by funding provided to the FNWJO from the State Government.

There are no liability issues identified for Council in the short to medium term.

Far North West Joint Organisation

Equity Method	2022 \$'000	2021 \$'000
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Summarised Statement of Financial Position

Cash and cash equivalents	2,029	3,031
Investments	4,000	4,000
Total Assets	6,072	7,073

Total Liabilities	4,112	4,963
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Net assets	1,961	2,110
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Summarised Statement of Income and other Comprehensive Income

Total Revenue and other income	1,254	1,808
Total Expenditure	1,404	1,684
Profit/(loss) from continuing operations	(149)	124
Total Comprehensive Income	(149)	124

Summarised Statement of Cash Flows

Cash flows from operating activities	1,002	1,302
Cash flows from investing activities	-	2,000
Net Increase/(Decrease) in cash and cash equivalents	1,002	698

Reconciliation of carrying amount of interest in associate to summarised financial information for associates accounted for using the equity method

Cobar Shire Council's share of 33.33% of Net Assets	654	703
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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.

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.

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.

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

\$ '000	Carrying value 2022	Carrying value 2021	Fair value 2022	Fair value 2021
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	13,432	12,926	13,432	12,926
Receivables	3,773	2,429	3,773	2,428
Investments				
– Term deposits	10,000	16,000	10,000	16,000
Total financial assets	27,205	31,355	27,205	31,354
Financial liabilities				
Payables	3,374	3,319	3,374	3,319
Borrowings	361	598	361	598
Total financial liabilities	3,735	3,917	3,735	3,917

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's finance area manages the cash and Investments portfolio.

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

The risks associated with the instruments held are:

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

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

- **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.

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 2.5% movement in interest rates (2021 1%)		
– Equity / Income Statement	680	313

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	<i>Not yet overdue</i>	<i>overdue rates and annual charges</i>		<i>Total</i>
		<i>< 5 years</i>	<i>≥ 5 years</i>	
2022				
Gross carrying amount	660	327	61	1,048
2021				
Gross carrying amount	415	305	59	779

Receivables - non-rates and annual charges and contract assets

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

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

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

\$ '000	<i>Not yet overdue</i>	<i>0 - 30 days</i>	<i>Overdue debts</i>			<i>Total</i>
			<i>31 - 60 days</i>	<i>61 - 90 days</i>	<i>> 91 days</i>	
\$ '000	<i>Not yet overdue</i>	<i>0 - 30 days</i>	<i>Overdue debts</i>			<i>Total</i>
			<i>31 - 60 days</i>	<i>61 - 90 days</i>	<i>> 91 days</i>	
2022						
Gross carrying amount	2,197	–	262	–	348	2,807
Expected loss rate (%)	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
ECL provision	6	–	1	–	1	8
2021						
Gross carrying amount	1,339	56	111	198	19	1,723
Expected loss rate (%)	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
ECL provision	5	–	–	1	–	6

(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.

\$ '000	<i>Weighted average interest rate</i>	<i>Subject to no maturity</i>	<i>≤ 1 Year</i>	<i>payable in:</i>		<i>Total cash outflows</i>	<i>Actual carrying values</i>
				<i>1 - 5 Years</i>	<i>> 5 Years</i>		
2022							
Payables	0.00%	66	3,308	–	–	3,374	3,374
Borrowings	6.22%	–	289	72	–	361	361
Lease liabilities	1.14%	–	46	75	–	121	–
Total financial liabilities		66	3,643	147	–	3,856	3,735
2021							
Payables	0.00%	55	3,079	–	–	3,134	3,319
Borrowings	6.22%	–	289	309	–	598	598
Lease liabilities	0.00%	–	46	58	–	104	104
Total financial liabilities		55	3,414	367	–	3,836	4,021

Loan agreement breaches

Detail here any breaches to loan agreements which have occurred during the reporting year.

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-5									
Operational land	30/06/2018	30/6/2018	4,072	3,930	–	–	4,072	3,930	
Community land	30/06/2021	30/06/2021	2,948	2,948	–	–	2,948	2,948	
Land improvements – depreciable	30/06/2021	30/06/2021	–	–	4,225	4,022	4,225	4,022	
Non-specialised buildings	30/06/2021	30/6/2021	–	–	5,751	5,990	5,751	5,990	
Specialised buildings	30/06/2021	30/6/2021	–	–	30,926	26,299	30,926	26,299	
Other structures	30/06/2021	30/6/2021	–	–	878	752	878	752	
Roads	30/06/2019	30/6/2019	–	–	277,976	245,650	277,976	245,650	
Stormwater drainage	30/06/2018	30/6/2018	–	–	5,573	4,896	5,573	4,896	
Water supply network	30/06/2021	30/6/2021	–	–	22,012	21,162	22,012	21,162	
Sewerage network	30/06/2021	30/6/2021	–	–	15,137	14,567	15,137	14,567	
Library books	30/06/2018	30/6/2018	–	–	39	38	39	38	
Other assets	N/A	N/A	–	–	203	31	203	31	
Recreational Assets	30/06/2021	30/6/2021	–	–	5,385	4,707	5,385	4,707	
Total infrastructure, property, plant and equipment			7,020	6,878	368,105	328,114	375,125	334,992	

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

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

Level 2 inputs

Operational and Community land

Operational Land was valued by Australis Asset Advisory Group as at 30th June 2018 using both a cost and market approach. Community Land was valued by Australis Asset Advisory Group as at 30th June 2021 using both a cost and market approach.

Level 3 inputs

Buildings - specialised and non-specialised

E2-1 Fair value measurement (continued)

Non-Specialised & Specialised Buildings were valued by Australis Asset Advisory Group as at 30th June 2021 using both a cost and market approach.

An independent valuation is conducted every five years. In 2022 Council applied indexation in association with construction indices.

Land improvements

Land improvements are valued at current replacement cost. In 2022 Council applied indexation in association with construction indices.

Other structures

Other Structures were valued by Australis Asset Advisory Group as at 30th June 2021 using the cost approach. In 2022 Council applied indexation in association with construction indices.

Infrastructure roads, bridges and footpaths

Valuation of roads was undertaken by Morrison Low as at 30 June 2019, based on the current replacement cost of the road assets within Council's network. In 2022 Council applied indexation in association with construction indices.

Stormwater, water and sewer infrastructure assets

Water Supply and Sewerage Network assets were valued by Australis Asset Advisory Group as at 30th June 2021 at Current Replacement Cost and utilising an incremental greenfield approach, which is applied in compliance with AASB13 and AASB116. Under this approach, costs associated with service replacements, demolition and other brownfield costs such as adjacent asset reinstatement are stripped out to generate a fair value. Annual indexation in accordance with the Rates Reference Manual issued by the Department of Industry – Water has been applied up to 30 June 2022.

Stormwater assets were valued by Morrison Low as at 30th June 2018, at Current Replacement Cost Assets within this class comprise pit, drains, pipes and culverts. In 2022 Council applied indexation in association with construction indices.

Open spaces/recreational assets

Open Spaces/Recreational Assets were valued by Australis Asset Advisory Group as at 30th June 2021 using both a cost and market approach. In 2022 Council applied indexation in association with construction indices.

There were no changes in valuation techniques from prior years.

Fair value measurements using significant unobservable inputs (level 3)

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

	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
Infrastructure, property, plant and equipment		
Non-Specialised Buildings	Cost/Market	Gross replacement cost Asset condition Remaining useful life
Specialised Buildings	Cost/Market	Gross replacement cost Asset condition Remaining useful life
Other Structures	Cost	Gross replacement cost Asset condition Remaining useful life
Roads, Bridges and Footpaths	Cost	Gross replacement cost Asset condition Remaining useful life
Stormwater Drainage	Cost	Gross replacement cost Asset condition Remaining useful life
Water Supply	Cost	Gross replacement cost Asset condition Remaining useful life
Sewerage Network	Cost	Gross replacement cost Asset condition Remaining useful life

E2-1 Fair value measurement (continued)

	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
Other Assets	Cost	Gross replacement cost Asset condition Remaining useful life
Recreational Assets	Cost	Gross replacement cost Asset condition Remaining useful life

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

<i>\$ '000</i>	<i>Total</i>	
	<i>2022</i>	<i>2021</i>
Opening balance	324,831	311,122
Total gains or losses for the period		
Other movements		
Purchases (GBV)	12,455	17,110
Disposals (WDV)	(273)	(1,514)
Depreciation and impairment	(5,827)	(5,519)
Revaluation movements to ARR	32,655	3,632
Closing balance	363,841	324,831

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% of salaries for the year ending 30 June 2022 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2020 to 30 June 2022, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$ 103,101.18. 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 \$77,000. Council's expected contribution to the plan for the next annual reporting period is \$59,996.40

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

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

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	5.75% 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)

(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.

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
Compensation:		
Short-term benefits incl. superannuation	861	749
Total	861	749

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
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The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	27	27
Councillors' fees	129	114
Other Councillors' expenses (including Mayor)	20	19
Total	176	160

F1-3 Other related parties

\$ '000	Transactions during the year	Outstanding balances including commitments
2022		
Far North West Joint Organisation (member contributions)	24,968	–
2021		
Far North West Joint Organisation (member contributions)	23,467	–

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.

Auditors of the Council - NSW Auditor-General:

Audit and review of financial statements	73	75
Total Auditor-General remuneration	73	75

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	11,659	11,739
Add / (less) non-cash items:		
Depreciation and amortisation	7,260	6,881
(Gain) / loss on disposal of assets	(152)	1,478
Non-cash capital grants and contributions	(3,308)	(6,685)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,353)	2,369
Increase / (decrease) in provision for impairment of receivables	9	(17)
(Increase) / decrease of inventories	473	(636)
Increase / (decrease) in payables	961	368
Increase / (decrease) in other accrued expenses payable	(788)	882
Increase / (decrease) in other liabilities	(118)	51
Increase / (decrease) in contract liabilities	(3,860)	4,859
Increase / (decrease) in employee benefit provision	166	29
Increase / (decrease) in other provisions	5,768	–
Net cash flows from operating activities	16,717	21,318

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Property, plant and equipment		
Sewerage and water infrastructure	986	53
Buildings	1,636	415
Plant and equipment	80	–
Other	413	306
Road infrastructure	457	–
Total commitments	3,572	774
These expenditures are payable as follows:		
Within the next year	3,572	468
Later than one year and not later than 5 years	–	306
Total payable	3,572	774
Sources for funding of capital commitments:		
Future grants and contributions	2,751	468
Internally restricted reserves	821	306
Total sources of funding	3,572	774

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2022

G4-1 Summary of developer contributions

\$ '000	<i>Opening balance at 1 July 2021</i>	<i>Contributions received during the year - Cash</i>	<i>Interest and investment income earned</i>	<i>Amounts expended</i>	<i>Held as restricted asset at 30 June 2022</i>
Open space	10	-	1	-	11
Community facilities	171	-	1	(160)	12
S94 contributions 2012	756	710	20	-	1,486
S7.11 contributions – under a plan	937	710	22	(160)	1,509
Total S7.11 and S7.12 revenue under plans	937	710	22	(160)	1,509
S64 contributions	169	99	3	-	271
S7.4 planning agreements	211	-	3	-	214
Total contributions	1,317	809	28	(160)	1,994

G4-1 Summary of developer contributions (continued)

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.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts		Indicator		Indicators		Benchmark
	2022	2022	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(500)	(1.17)%	1.23%	2.62%			> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	42,635						
2. Own source operating revenue ratio							
Total continuing operating revenue excluding all grants and contributions ¹	31,457	57.56%	58.48%	58.46%			> 60.00%
Total continuing operating revenue ¹	54,650						
3. Unrestricted current ratio							
Current assets less all external restrictions	17,092	4.68x	7.49x	6.99x			> 1.50x
Current liabilities less specific purpose liabilities	3,655						
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6,807	20.50x	23.20x	24.51x			> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	332						
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	966	12.80%	9.83%	10.05%			< 10.00%
Rates and annual charges collectable	7,547						
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	23,432	8.47	9.05	9.85			> 3.00
Monthly payments from cash flow of operating and financing activities	2,768	mths	mths	mths			mths

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

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

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	3.23%	17.68%	(35.26)%	(222.60)%	(28.74)%	(12.01)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							

G5-2 Statement of performance measures by fund (continued)

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
Total continuing operating revenue excluding capital grants and contributions ¹	54.43%	60.83%	80.73%	44.25%	100.00%	47.69%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions							
Current liabilities less specific purpose liabilities	4.68x	7.49x	1.55x	3.43x	56.93x	25.44x	> 1.50x
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	22.79x	40.19x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	18.99%	11.46%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	7.61 mths	7.92 mths	∞	∞	∞	∞	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

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

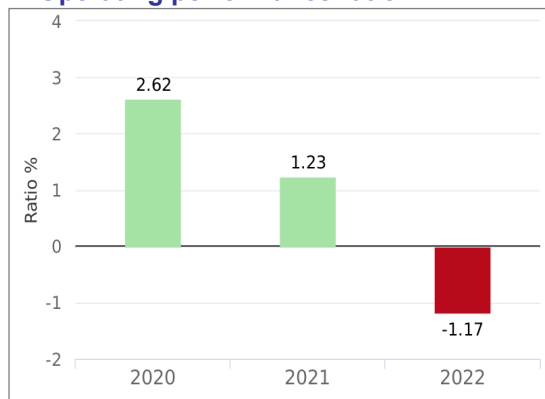
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (audited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio (1.17)%

The ratio is considered satisfactory as it is marginally below the benchmark. Council maintain a satisfactory cash position and other ratios.

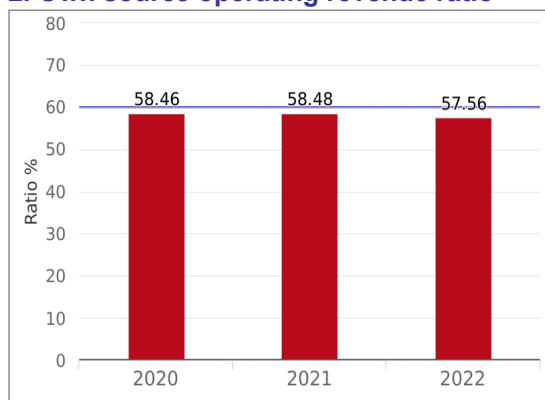
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2021/22 result

2021/22 ratio 57.56%

Council has almost achieved the benchmark and has no concern at being marginally under.

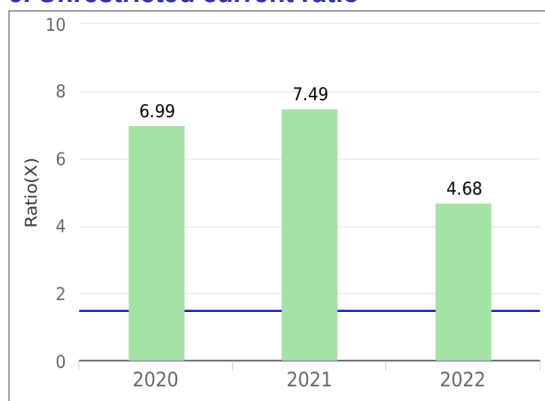
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 4.68x

Council has a conservative investment and borrowing policy. Provided a satisfactory operating performance is achieved its liquidity should be ensured.

Benchmark: — > 1.50x

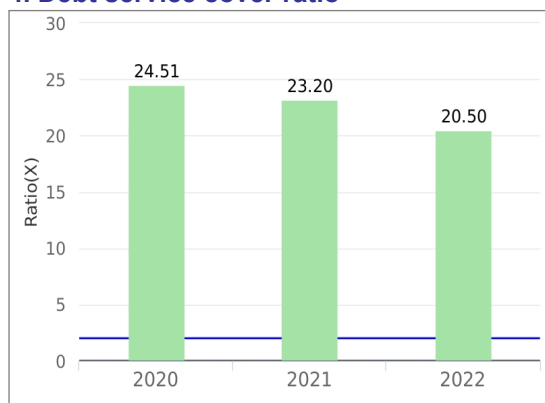
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 20.50x

Council has conservative borrowing/debt policy which combined with a conservative investment policy to ensure a favourable debt service cover ratio.

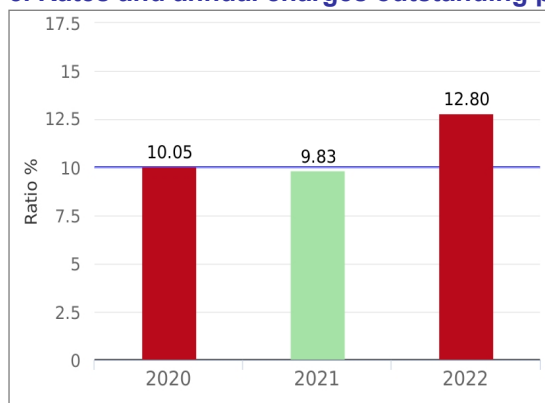
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 12.80%

Council consider the result to be satisfactory, in previous years Council has been marginally more than the benchmark.

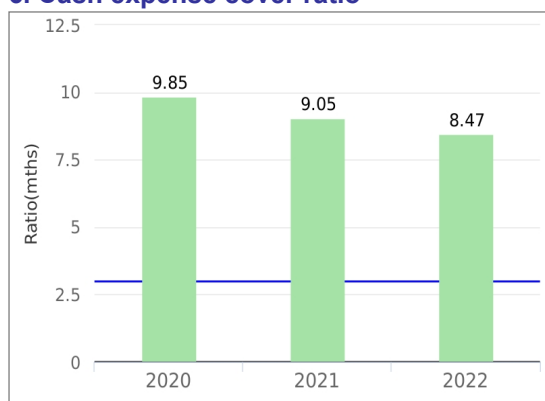
Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 8.47 mths

Council maintains strong control over its recurrent expenditure and as per previous ratios maintains a high liquidity level.

Benchmark: — > 3.00mths

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cobar Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports:

Independent Auditor's Report

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

Cobar Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports: (continued)

Independent Auditor's Report

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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Cobar Shire Council

To the Councillors of Cobar Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long, sweeping flourish extending to the right.

Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

31 October 2022
SYDNEY