
NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 9 NOVEMBER 2022
REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY

1. INVESTMENT REPORT AS AT 31 OCTOBER 2022

Author	Director Finance & Corporate Strategy
Responsible Officer	Director Finance & Corporate Strategy
Link to Strategic Plans	CSP – 4.3 A financially sound Council that is responsible and sustainable DP - 4.3.1.5 Provide monthly cash balances and detailed quarterly financial reports to Council.

Executive Summary

Council's investments are made in accordance with legislative requirements and are certified as such by the Responsible Accounting Officer.

Report

Under the Local Government Act 1993 and Local Government (General) Regulation 2021, the Responsible Accounting Officer is required to report on Council's Investment portfolio on a monthly basis.

The management of Council's Investments is delegated by the General Manager to the Director of Finance and Corporate Strategy.

Council's current investment portfolio is diversified across a number of investment types and institutions. This includes term deposits and on-call accounts. Investments are in accordance with the Office of Local Government's Guidelines and Council's Investment Policy.

The Government Guarantee on aggregated Investments up to \$1 million per account holder per institution expired 1 February 2012 and the new cap is \$250,000.

The investment portfolio decreased by **\$1,126,239** during the reporting period. This is due to the transfer of funds to the cheque account for cashflow purposes.

Financial Implications

The 2022/23 Budget estimates the total annual Investment Revenue as \$1,760,379 which represents an estimated return of 7.7% and is split proportionally across General, Water and Sewer Funds and changes on a monthly basis in accordance with cash flow requirements.

The market value of Council's Investments held as at 31 October 2022 is **\$23,756,409** (last month \$24,882,648). The full list of investments is in **Attachment No. 1**.

Legal and Regulatory Compliance

- Local Government Act, 1993 – Section 625
- Local Government (General) Regulation, 2021 – Clause 212
- Council Investment Policy 2019
- Ministerial Investment Order – 12 January 2011

1. INVESTMENT REPORT AS AT 31 OCTOBER 2022 (Cont'd)

Risk Management Issues

Council's risk management strategy is to diversify the allocation of funds across different financial institutions and government authorities based on credit ratings as per the Investment Policy. The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk.

Certification – Responsible Accounting Officer

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2021 and Council's Investment Policy.

Attachments

- 1 Investments – 31 October 2022

RECOMMENDATION

1. That the report regarding Council's Investment Portfolio be received and noted;
2. That the certification of the Responsible Accounting Officer is noted and the report adopted.

2. 2021-22 ANNUAL FINANCIAL STATEMENTS

Author	Director Finance and Corporate Strategy
Responsible Officer	Director Finance and Corporate Strategy
Link to Strategic Plans	CSP – 4.3.1 Operate and manage a Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies. Delivery Program - 4.3.1.6 Prepare Council's Annual Financial Accounts in accordance with the relevant Acts and Regulations.

Executive Summary

The Annual Financial Statements for the 2021-22 financial year have been prepared in accordance with the Office of Local Government's Code of Accounting Practice and Financial Reporting Guidelines and Australian Accounting Standards, have been audited and are presented to Council for adoption.

2. 2021-22 ANNUAL FINANCIAL STATEMENTS (Cont'd)

Report

The Financial Statements were submitted to the Office of Local Government on the 31st October 2022 and are attached (**Attachment No. 2**).

Section 420 of the Local Government Act stipulates that Council must allow a period of 7 days after accepting the Financial Statements for the public to make written submissions on the audited Financial Reports and/or the Auditors Report. Any submissions are referred to Council's Auditors for further comment as required.

Summary

The Independent Auditor's Report, issued by the Auditor General of NSW, reflects a sound financial position as at 30th June 2022. This report forms part of the Financial Statements and can be found on pages 72 - 74 of the statements.

Financial Implications

The Annual Financial Statements reflect and report on the financial performance and position of the Council as at 30 June 2022.

Legal and Regulatory Compliance

Local Government Act 1993

Local Government Code of Accounting Practice and Financial Reporting
Guidelines – Update 27

The Australian Accounting Standards and professional pronouncements of the
Australian Standards Board

Risk Management Issues

Nil

Internal/External Consultation

The General Purpose Financial Statements and Special Purpose Financial Statements were audited by the NSW Audit Office.

Attachments

- 2 Financial Statements for the year ended 30 June 2022.

RECOMMENDATION

That Council adopts the 2021-22 Audited Financial Statements and Auditors report, as presented.

3. QUARTERLY BUDGET REVIEW STATEMENT – 30 SEPTEMBER 2022

Author	Director Finance and Corporate Strategy
Responsible Officer	Director Finance and Corporate Strategy
Link to Strategic Plans	CSP – 4.3.1 – Operate and manage Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies. Delivery Program – 4.3.1.5 - Provide monthly cash balances and detailed quarterly financial reports to Council.

Executive Summary

The Quarterly Budget Review Statement ("QBR") must be prepared by the Responsible Accounting Officer and presented to Council within two months of the end of the quarter.

Report

The Quarterly Budget Review Statement (QBR) has been prepared for the 30 September 2022 quarter and is presented to Council as **Attachment No.3**.

Council adopted its budget for the 2022-23 financial year as part of the Operational Plan at the 22 June 2022 Council Meeting. Since then the following changes have occurred –

- a) Since the start of the financial year Council has adopted recommendations from staff which have also impacted on the budget result. These changes have already been approved by Council and are included in the "Approved Changes Column" in the Income and Expenditure Review Statement of the QBR document.
- b) A review of the last three months has been carried out by staff and the changes are included in the "Variations for this Quarter" column of the QBR document.

The net result of all changes for the year to the end of September 2022 is **Nil** as all adjustments have been funded from Reserves or Carryover Works approved by Council at the August 2022 meeting.

The financial position of Narromine Shire Council as at 30th September 2022 is considered to be satisfactory and is confirmed by the Report from the Responsible Accounting Officer.

3. QUARTERLY BUDGET REVIEW STATEMENT - 30 SEPTEMBER 2021 (Cont.)

Summary

The Office of Local Government released guidelines on the preparation of Quarterly Budget Review Statements (QBRS) to Councils in December 2010 with mandatory reporting in line with the guideline which commenced in July 2011.

The QBRS must show, by reference to the estimated income and expenditure that is set out in the operational plan adopted by Council for the relevant year, a revised estimate of income and expenditure for that year.

It also requires the Budget Review Statement to include a report by the Responsible Accounting Officer as to whether or not they consider the Statement indicates Council to be in a satisfactory financial position (with regard to its original budget) and if not, to include recommendations for remedial action.

Financial Implications

Council's original budget was adopted on 22 June 2022 and reflected a balanced overall cash-based budget.

Legal and Regulatory Compliance

Local Government (General) Regulation 2005 (the Regulations) clause 203 requires a Council's Responsible Accounting Officer to prepare and submit a quarterly budget review statement to the governing body of Council within two months of the end of the quarter.

Office of Local Government – Quarterly Budget Review Guidelines issued December 2010.

Risk Management Issues

Nil

Internal/External Consultation

Nil

Attachments

- 3 Quarterly Budget Review Statement

RECOMMENDATION

1. That the document entitled "Quarterly Budget Review Statement – 30 September 2022", as attached to the report, be noted;
2. That the variations of income, operating expenditure, capital expenditure and reserves as identified in the "Quarterly Budget Review Statement – 30 September 2022" be approved and voted.
3. That Council note the amount of \$606,000 is being allocated from Council's Unrestricted Cash Reserves.

Barry Bonthuys
Director Finance & Corporate Strategy
Responsible Accounting Officer

Attachment 1 - Investments as at 31 October 2022

Financial Institution	Bank Rating	Investment Type/Maturity Date	Investment Rating	Current Rate	Term	Amount (\$)	Comment
Cash & At Call							
Commonwealth Bank	AA-	Business Online Saver - at call - Interest - Standard rate .70% Plus Special Margin .50% = 1.20%	A-1+	2.60%	N/A	3,756,409.47	S&P Short Term
TOTAL						3,756,409.47	
Percentage of Total Portfolio						15.81%	
Average Investment Yield						2.60%	
Pooled Managed Investments							
				Mth %	FYTD%	Market Value	
TCorp	AAA	T-CorplM Long Term Growth Fund		0.00%	0.00%	-	
TCorp	AAA	T-CorplM Medium Term Growth Fund		0.00%	0.00%	-	
TOTAL						-	
Percentage Exposure of Total Portfolio						0.00%	
Term Deposits							
NAB	AA-	Term Deposit - 08/11/2022	A-1+	2.72%	60 Days	2,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 08/12/2022	A-1+	3.19%	90 Days	3,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 10/01/2023	A-1+	3.45%	90 Days	2,000,000.00	S&P Short Term
NAB	AA-	Term Deposit - 07/03/2023	A-1+	3.57%	180 Days	3,000,000.00	S&P Short Term
Commonwealth Bank	AA-	Term Deposit - 06/04/2023	A-1+	3.73%	209 Days	2,000,000.00	S&P Short Term
Commonwealth Bank	AA-	Term Deposit - 08/05/2023	A-1+	3.82%	241 Days	2,000,000.00	S&P Short Term
Commonwealth Bank	AA-	Term Deposit - 06/06/2023	A-1+	3.85%	270 Days	3,000,000.00	S&P Short Term
Commonwealth Bank	AA-	Term Deposit - 09/09/2023	A-1+	4.04%	365 Days	3,000,000.00	S&P Short Term
TOTAL						20,000,000.00	
Percentage of Total Portfolio						84.19%	
Average Investment Yield						3.55%	
Total Investment Portfolio						23,756,409.47	

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Narromine Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

124 Dandaloo Street
Narromine NSW 2821

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.narromine.nsw.gov.au.

Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Narromine 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:

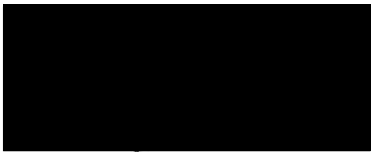
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

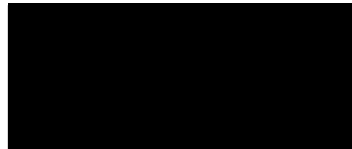
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

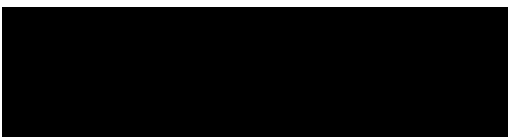
Signed in accordance with a resolution of Council made on 26 September 2022.



Cr Craig Davies
Mayor
26 September 2022



Cr Dawn Collins
Councillor
26 September 2022



Jane Redden
General Manager
26 September 2022



Barry Bonthuys
Responsible Accounting Officer
26 September 2022

Narromine Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
	Income from continuing operations			
10,143	Rates and annual charges	B2-1	9,648	9,409
2,642	User charges and fees	B2-2	4,995	2,936
316	Other revenues		438	341
6,845	Grants and contributions provided for operating purposes	B2-3	7,388	8,001
3,103	Grants and contributions provided for capital purposes	B2-3	10,624	9,125
916	Interest and investment income	B2-4	58	2,262
256	Other income		271	479
–	Net gain from the disposal of assets	B4-1	481	–
24,221	Total income from continuing operations		33,903	32,553
	Expenses from continuing operations			
7,336	Employee benefits and on-costs	B3-1	7,097	7,131
6,965	Materials and services	B3-2	9,616	6,930
27	Borrowing costs		103	108
5,862	Depreciation, amortisation and impairment of non-financial assets	B3-3	6,514	6,632
922	Other expenses	B3-4	868	1,261
–	Net loss from the disposal of assets	B4-1	–	231
–	Fair value decrement on investments	C1-2	1,591	–
21,112	Total expenses from continuing operations		25,789	22,293
3,109	Operating result from continuing operations		8,114	10,260
3,109	Net operating result for the year attributable to Council		8,114	10,260
	Net operating result for the year before grants and contributions provided for capital purposes			
5,512			(2,510)	1,135

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

Narromine 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		8,114	10,260
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain / (loss) on revaluation of IPP&E	C1-7	39,567	1,251
Other comprehensive income – joint ventures and associates		1	–
Total items which will not be reclassified subsequently to the operating result		39,568	1,251
Total other comprehensive income for the year		39,568	1,251
Total comprehensive income for the year attributable to Council		47,682	11,511

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

Narromine Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	4,543	5,125
Investments	C1-2	19,598	21,189
Receivables	C1-4	3,919	1,991
Inventories	C1-5	2,127	2,586
Contract assets	C1-6	4,621	–
Other		50	84
Total current assets		34,858	30,975
Non-current assets			
Receivables	C1-4	357	491
Inventories	C1-5	4,194	3,700
Infrastructure, property, plant and equipment (IPPE)	C1-7	360,025	315,474
Investment property		48	48
Contract assets		–	28
Investments accounted for using the equity method		361	330
Total non-current assets		364,985	320,071
Total assets		399,843	351,046
LIABILITIES			
Current liabilities			
Payables	C2-1	2,354	2,692
Contract liabilities	C2-2	1,225	–
Lease liabilities		–	28
Borrowings	C2-3	1,134	2,530
Employee benefit provisions	C2-4	1,759	1,629
Total current liabilities		6,472	6,879
Non-current liabilities			
Borrowings	C2-3	3,714	2,244
Employee benefit provisions	C2-4	55	51
Provisions	C2-5	1,969	1,921
Total non-current liabilities		5,738	4,216
Total liabilities		12,210	11,095
Net assets		387,633	339,951
EQUITY			
Accumulated surplus	C3-1	159,137	151,022
IPPE revaluation reserve	C3-1	228,496	188,929
Council equity interest		387,633	339,951
Total equity		387,633	339,951

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

Narromine 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		151,022	188,929	339,951	140,762	187,678	328,440
Net operating result for the year		8,114	–	8,114	10,260	–	10,260
Net operating result for the period		8,114	–	8,114	10,260	–	10,260
Other comprehensive income							
– Gain / (loss) on revaluation of IPP&E	C1-7	–	39,567	39,567	–	1,251	1,251
Joint ventures and associates		1	–	1	–	–	–
Other comprehensive income		1	39,567	39,568	–	1,251	1,251
Total comprehensive income		8,115	39,567	47,682	10,260	1,251	11,511
Closing balance at 30 June		159,137	228,496	387,633	151,022	188,929	339,951

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

Narromine Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
10,953	Rates and annual charges		10,062	9,484
1,300	User charges and fees		2,835	2,484
919	Interest received		6	2,288
9,946	Grants and contributions		14,581	17,126
1,066	Other		733	(594)
<i>Payments:</i>				
(10,795)	Payments to employees		(6,963)	(6,857)
(3,965)	Payments for materials and services		(10,031)	(6,503)
(27)	Borrowing costs		(99)	(108)
(463)	Other		(824)	(2,100)
8,934	Net cash flows from operating activities	G1-1	10,300	15,220
Cash flows from investing activities				
<i>Receipts:</i>				
1,136	Sale of real estate assets		2,728	–
–	Proceeds from sale of IPPE		72	580
<i>Payments:</i>				
–	Purchase of investments		–	(3,219)
–	Purchase of investment property		–	(48)
(8,728)	Payments for IPPE		(11,688)	(13,271)
(1,620)	Purchase of real estate assets		(2,051)	(133)
–	Purchase of intangible assets		(17)	(261)
(9,212)	Net cash flows from investing activities		(10,956)	(16,352)
Cash flows from financing activities				
<i>Receipts:</i>				
1,100	Proceeds from borrowings		1,100	–
<i>Payments:</i>				
(1,160)	Repayment of borrowings		(1,026)	(995)
(60)	Net cash flows from financing activities		74	(995)
(338)	Net change in cash and cash equivalents		(582)	(2,127)
15,437	Cash and cash equivalents at beginning of year		5,125	7,252
15,099	Cash and cash equivalents at end of year	C1-1	4,543	5,125
–	plus: Investments on hand at end of year	C1-2	19,598	21,189
15,099	Total cash, cash equivalents and investments		24,141	26,314

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

Narromine 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 9 November 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) contract assets and contract cost assets - refer Note C1-6
- (ii) contract liabilities - Refer Note C2-2
- (iii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7.
- (iv) employee benefit provisions - refer Note C2-4
- (v) estimated tip remediation provisions – refer Note C2-5.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

No new accounting standards are applicable to the 2021-22 financial year.

COVID-19 implications on financial reporting

For the financial year ending 30 June 2022, the Office of Local Government, NSW Treasury and the Australian Securities and Investments Commission each issued guidance on areas to be considered when preparing financial statements. Management has assessed various activities of Council including impairment of assets, contracts, asset fair values, employee benefits provisions, revenue, liquidity and going concern.

The impact on Council's financial statements 2021-22 of COVID-19 restrictions were found to be immaterial.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
Governance	56	60	1,783	2,060	(1,727)	(2,000)	–	–	2,486	2,273
Administration	12,312	185	3,570	1,825	8,742	(1,640)	4,621	–	30,798	7,241
Public Order & Safety	239	255	14	532	225	(277)	239	–	23,040	128
Environment & Health	221	206	653	238	(432)	(32)	102	103	1,151	1,081
Community & Cultural Services	402	1,307	1,513	1,071	(1,111)	236	232	76	5,523	538
Planning & Development	44	70	317	338	(273)	(268)	305	113	84	61
Waste Management	1,903	1,732	1,494	1,656	409	76	–	–	1,622	1,113
Infrastructure	10,044	7,541	7,920	7,550	2,124	(9)	10,101	5,867	253,189	233,466
Recreational Facilities	862	1,656	2,857	2,277	(1,995)	(621)	753	–	17,443	20,659
Economic Development	3,432	637	1,940	1,203	1,492	(566)	498	1,566	4,242	61
Water Supplies	2,775	3,061	2,257	2,117	518	944	1,161	955	27,028	17,832
Sewerage Services	1,613	2,303	1,471	1,426	142	877	–	2	33,237	19,907
General Purpose Income	–	10,607	–	–	–	10,607	–	–	–	–
Share of gains(losses) in associates and joint ventures (using the equity method)	–	6	–	–	–	6	–	–	–	330
Other	–	2,927	–	–	–	2,927	–	8,444	–	46,356
Total functions and activities	33,903	32,553	25,789	22,293	8,114	10,260	18,012	17,126	399,843	351,046

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 policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

Administration

- Executive services - provision of effective and efficient support to councillors, Council and the community
- Legal advice and services for Council, its delegates and officers, procure adequate and appropriate insurance coverage at a minimum cost, manage claims against Council and manage litigation by and against Council
- Provision of management accounting, financial reporting, rates, payroll, creditors, accounts receivable, cashiering, financial grants and income, debt recovery and investments
- Information Technology, computing and support services to Council
- Management and improvement of the quality, performance, opportunities & safety conditions of Council's staff
- Civic administration building.

Public Order & Safety

- Co-operation and liaison with the Rural Fire Service and other Emergency Service organisations.

Environment & Health

- Protection of the environment, its enhancement and the promotion of environmental sustainability
- Maintenance of the health standards and safety of premises that are accessible to and impact upon the community
- Development of an innovative best practice policy to control the incidence of noxious plants
- Companion animal management and issues in relation to straying livestock.

Community & Cultural Services

- Provision of community, cultural and educational services and facilities to enhance the community's way of life
- Provision of programs and services for young people between 12-24 years of age
- Active participation in and co-operation with community organisations in the delivery of Aged & Disability Services
- Provision for the development and management of a range of community facilities
- Provision of effective public library lending, information and referral services
- Provision of quality cemetery services and memorial facilities
- Advocate for a strong cultural role in community revitalisation and identity by the encouragement & promotion of local historical, cultural and art organisations and activities.

Planning & Development

- Creation of a quality environment for the community in which land use and development is planned and assessed and the social, environmental, economic, agricultural, heritage and physical wellbeing of the community is enhanced and protected
- Planning the Shire's future whilst embracing the principles of Ecologically Sustainable Development
- Assessment and determination of development applications
- Regulatory inspections.

Waste Management

- Effective management of waste collection, minimise waste whilst encouraging commercial and residential recycling
- Collection & recycling
- Disposal.

Infrastructure

- Provision of well constructed, maintained and functional roads, drains, public buildings and associated engineering structures; including operational support, construction and maintenance, design, stormwater management and aerodromes.

Recreational Facilities

- Provision of equitable access to social, cultural, sporting and recreational services and facilities
- Parks, playing fields and reserves
- Recreational buildings and infrastructure

continued on next page ...

B1-2 Components of functions or activities (continued)

- Swimming Pools.

Economic Development

- Development and assistance in the implementation of strategies, programs and policies that will provide employment and a positive environment for the local economy
- Tourism & area promotion
- Real estate development
- Saleyards and markets
- External partnerships
- Camping areas.

Water Supplies

- Provision of a cost effective, environmentally sensitive and ecologically sustainable water supply service including business plan, service delivery, customer service, demand management, infrastructure management.

Sewerage Services

- Provision of a cost effective, environmentally sensitive & ecologically sustainable sewerage service. Including business plan, service delivery, customer service, demand management, infrastructure management.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	1,772	1,542
Farmland	3,473	3,407
Mining	306	289
Business	633	886
Other	(7)	–
Less: pensioner rebates (mandatory)	(113)	(71)
Rates levied to ratepayers	6,064	6,053
Pensioner rate subsidies received	37	45
Total ordinary rates	6,101	6,098
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	1,282	1,194
Stormwater management services	52	52
Water supply services	735	700
Sewerage services	1,221	1,179
Waste management services (non-domestic)	263	244
Less: pensioner rebates (mandatory)	(70)	(120)
Annual charges levied	3,483	3,249
Pensioner subsidies received:		
– Water	20	20
– Sewerage	19	21
– Domestic waste management	25	21
Total annual charges	3,547	3,311
Total rates and annual charges	9,648	9,409

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

Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

B2-2 User charges and fees

\$ '000	2022	2021
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Water supply services	1,247	1,226
Sewerage services	350	347
Waste management services (non-domestic)	149	138
Total specific user charges	1,746	1,711
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	153	139
Private works – section 67	1,114	285
Other	66	61
Total fees and charges – statutory/regulatory	1,333	485
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	85	99
Community centres	1	–
Gravel pits	1,483	390
Lease rentals	61	–
Recycling income (non-domestic)	92	75
Other	194	176
Total fees and charges – other	1,916	740
Total other user charges and fees	3,249	1,225
Total user charges and fees	4,995	2,936
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	4,995	2,936
Total user charges and fees	4,995	2,936

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.

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

B2-3 Grants and contributions

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,645	1,504	–	–
Financial assistance – local roads component	800	720	–	–
Payment in advance - future year allocation				
Financial assistance – general component	2,526	1,610	–	–
Financial assistance – local roads component	1,234	773	–	–
Other				
Other grants	–	50	78	363
Amount recognised as income during current year	6,205	4,657	78	363
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Previously specific grants:				
Pensioners' rates subsidies:				
– Water	–	–	198	–
– Other	25	40	161	–
Water supplies	–	63	963	1,444
Bushfire and emergency services	116	116	–	2,926
Community centres	–	–	212	1,025
Economic development	305	–	262	154
Library	80	80	–	–
LIRS subsidy	–	–	35	44
Noxious weeds	102	103	–	–
Recreation and culture	–	–	675	1,173
Community infrastructure grant	–	–	155	375
Traffic route subsidy	–	–	77	77
Transport (roads to recovery)	–	1,365	593	–
Transport (other roads and bridges funding)	19	–	3,885	130
Other specific grants	231	218	2,332	1,341
Previously contributions:				
Dedications – subdivisions (other than by s7.11)	140	139	–	–
Transport for NSW contributions (regional roads, block grant)	–	998	998	–
Other contributions	23	88	–	4
Total special purpose grants and non-developer contributions – cash	1,041	3,210	10,546	8,693
Non-cash contributions				
Roads and bridges	35	–	–	–
Other	–	–	–	19
Total other contributions – non-cash	35	–	–	19
Total special purpose grants and non-developer contributions (tied)	1,076	3,210	10,546	8,712
Total grants and non-developer contributions	7,281	7,867	10,624	9,075
Comprising:				
– Commonwealth funding	6,267	4,608	1,715	2,056
– State funding	874	606	8,189	3,744
– Other funding	140	2,653	720	3,275
	7,281	7,867	10,624	9,075

B2-3 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.12 – fixed development consent levies	G4	107	56	–	–
S 64 – water supply contributions		–	–	–	50
S 64 – sewerage service contributions		–	78	–	–
Total developer contributions – cash		107	134	–	50
Total developer contributions		107	134	–	50
Total contributions		107	134	–	50
Total grants and contributions		7,388	8,001	10,624	9,125
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		–	–	–	–
Grants and contributions recognised at a point in time (2)		7,388	8,001	10,624	9,125
Total grants and contributions		7,388	8,001	10,624	9,125

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Operating grants recognised as income in a previous reporting period	4,758	3,934	–	–
Unspent grants and contributions				
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,831	3,207	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(4,758)	(2,383)	–	–
Unspent funds at 30 June	3,831	4,758	–	–

B2-3 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include milestones such as executing the agreement to acquire or construct roads, stormwater drainage and airport runway. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-4 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	52	37
– Cash and investments	6	212
Distribution income (TCorp)	–	2,013
Total interest and investment income (losses)	58	2,262

Accounting policy

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	6,427	5,538
Employee leave entitlements (ELE)	984	–
Superannuation	663	–
Other	526	2,103
Total employee costs	8,600	7,641
Less: capitalised costs	(1,503)	(510)
Total employee costs expensed	7,097	7,131
Number of 'full-time equivalent' employees (FTE) at year end	88	89

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		4,595	3,533
Contractor and consultancy costs		2,880	1,447
Audit Fees	F2-1	66	60
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	159	152
Advertising		92	112
Computer software charges		251	197
Election expenses		21	–
Electricity and heating		360	365
Insurance		497	463
Office expenses (including computer expenses)		85	89
Postage		18	–
Street lighting		131	148
Subscriptions and publications		90	114
Telephone and communications		77	69
Other expenses		41	109
Legal expenses:			
Expenses from leases of low value assets		24	24
– Legal expenses: planning and development		1	–
– Legal expenses: debt recovery		4	–
– Legal expenses: other		122	31
Other		98	14
Total materials and services		9,616	6,930

B3-2 Materials and services (continued)

\$ '000	Notes	2022	2021
Total materials and services		9,616	6,930

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		903	865
Office equipment		62	62
Furniture and fittings		7	10
Infrastructure:			
	C1-7		
– Buildings – non-specialised		183	184
– Buildings – specialised		871	906
– Other structures		181	167
– Roads		1,970	1,891
– Bridges		199	199
– Footpaths		93	84
– Stormwater drainage		390	386
– Water supply network		569	567
– Sewerage network		478	439
– Swimming pools		160	260
– Other open space/recreational assets		206	–
– Other infrastructure		12	187
Other assets:			
– Aerodrome		153	164
Intangible assets		77	119
Total depreciation and amortisation costs		6,514	6,490
Impairment / revaluation decrement of IPPE			
Intangible assets		–	142
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	142
Total depreciation, amortisation and impairment for non-financial assets		6,514	6,632

Accounting policy**Depreciation and amortisation**

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

Impairment of non-financial assets

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-4 Other expenses

\$ '000	2022	2021
Other	27	25
Donations, contributions and assistance to other organisations (Section 356)	89	251
– Emergency services levy (includes FRNSW, SES, and RFS levies)	10	13
– Macquarie regional library	414	462
– NSW fire brigade levy	36	40
– NSW rural fire service levy	292	400
– Other contributions/levies	–	70
Total other expenses	868	1,261

Accounting policy

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

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of plant and equipment	C1-7		
Less: carrying amount of plant and equipment assets sold/written off		(242)	(599)
Proceeds from disposal – plant and equipment		72	209
Gain (or loss) on disposal		(170)	(390)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		2,702	–
Less: carrying amount of real estate assets sold/written off		(2,051)	–
Gain (or loss) on disposal		651	–

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

2022

2022

2022

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
\$ '000	Budget	Actual	----- Variance -----	

Revenues

User charges and fees 2,642 4,995 2,353 89% **F**

Revenue relating to user charges and fees in excess of budget due to increased gravel sales for the maintenance and construction of roads.

Other revenues 316 438 122 39% **F**

Other revenues in excess of budget due to payment received from Rural Fire Services for the construction of a bushfire shed.

Capital grants and contributions 3,103 10,624 7,521 242% **F**

Grant funds received in excess of original budget due to additional funding made available by State and Federal Governments for projects.

Interest and investment revenue 916 58 (858) (94)% **U**

Council invested its surplus funds in managed Funds (TCorp's Medium and Long Term Growth Funds) rather than term deposits. These funds did not achieve their investment objectives and produced negative returns due to market movements which resulted in a loss in Interest and Investment Revenue for the financial year.

Net gains from disposal of assets - 481 481 ∞ **F**

Expenses

Materials and services 6,965 9,616 (2,651) (38)% **U**

Expenses in excess of original budget due to huge increase in fuel and maintenance costs and additional projects funded through grants.

Borrowing costs 27 103 (76) (281)% **U**

Borrowing costs in excess of original budget due to interest payments on loans.

Fair value decrement on investments - 1,591 (1,591) ∞ **U**

Fair value decrement on investments not budgeted for 2021-22.

Statement of cash flows

Cash flows from operating activities 8,934 10,300 1,366 15% **F**

Increase in cash flows from operating activities due to additional grant funding received from State and Federal Governments.

Cash flows from investing activities (9,212) (10,956) (1,744) 19% **U**

Capital works expenditure in excess of original budget due to additional grant funding received.

Cash flows from financing activities (60) 74 134 (223)% **F**

Net cash flows from financing activities improved due to amount repaid on borrowings lesser than expected.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	4,543	5,195
Cash equivalent assets		
– Other financial assets	–	(70)
Total cash and cash equivalents	4,543	5,125

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	4,543	5,125
Balance as per the Statement of Cash Flows	4,543	5,125

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
Financial assets at fair value through the profit and loss				
Managed funds	19,598	–	21,189	–
Total	19,598	–	21,189	–
Total financial investments	19,598	–	21,189	–
Total cash assets, cash equivalents and investments	24,141	–	26,314	–

No strategic investments were disposed of during 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

C1-2 Financial investments (continued)

Accounting policy

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in New South Wales Treasury Corporation (TCorp) Managed Funds in the Statement of Financial Position.

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	24,141	26,314
Less: Externally restricted cash, cash equivalents and investments	<u>(13,209)</u>	<u>(14,047)</u>
Cash, cash equivalents and investments not subject to external restrictions	10,932	12,267
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>1,225</u>	824
External restrictions – included in liabilities	1,225	824
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	246	135
Developer contributions – water fund	215	215
Developer contributions – sewer fund	178	178
Specific purpose unexpended grants (recognised as revenue) – general fund	2,100	2,375
Water fund	1,155	1,807
Sewer fund	7,007	7,516
Board of control - NSRAC and TSRAC	148	121
Other	35	35
Domestic waste management	<u>900</u>	<u>841</u>
External restrictions – other	11,984	13,223
Total external restrictions	13,209	14,047

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

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	10,932	12,267
Less: Internally restricted cash, cash equivalents and investments	<u>(7,829)</u>	<u>(9,528)</u>
Unrestricted and unallocated cash, cash equivalents and investments	3,103	2,739

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

\$ '000	2022	2021
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Alkane community contributions	205	185
Alkane environmental monitoring	162	138
Carry over works	2,824	3,112
Election expenses	45	66
Employees leave entitlement	544	555
FAGS advance grant	3,760	2,383
Infrastructure replacement (LTP)	-	2,511
Other	289	578
Total internal allocations	7,829	9,528

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

\$ '000	2022	2021
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	3,103	2,739

C1-4 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	311	176	528	296
Interest and extra charges	224	–	19	–
User charges and fees	3,285	181	1,239	195
Accrued revenues				
– Interest on investments	2	–	–	–
Net GST receivable	126	–	207	–
Other debtors	57	–	57	–
Total	4,005	357	2,050	491
Less: provision for impairment				
Interest and extra charges	(35)	–	(23)	–
User charges and fees	(51)	–	(36)	–
Total provision for impairment – receivables	(86)	–	(59)	–
Total net receivables	3,919	357	1,991	491

Accounting policy

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

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

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

Impairment

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue 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.

Rates and annual charges outstanding are secured against the property.

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 5 years past due, whichever occurs first.

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

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale	1,748	4,194	2,268	3,700
Stores and materials	379	–	318	–
Total inventories at cost	2,127	4,194	2,586	3,700
Total inventories	2,127	4,194	2,586	3,700

(i) Real estate assets for resale

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(a) Details for real estate development					
Residential		887	1,237	2,268	–
Industrial/commercial		861	2,957	–	3,700
Total real estate for resale		1,748	4,194	2,268	3,700
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		–	–	–	241
Development costs		1,748	4,194	2,268	3,459
Total costs		1,748	4,194	2,268	3,700
Total real estate for resale		1,748	4,194	2,268	3,700
Movements:					
Real estate assets at beginning of the year		2,268	3,700	1,128	4,707
– Purchases and other costs		3,749	327	1,140	(1,007)
– Transfer between current/non-current		(376)	376	–	–
– WDV of sales (expense)	B4-1	(2,051)	–	–	–
– Other		(1,842)	(209)	–	–
Total real estate for resale		1,748	4,194	2,268	3,700

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

Real estate held for resale includes residential and industrial development. Land expected to be sold within next 12 months has been transferred from non-current to current. The remaining land is still non-current.

C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
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C1-6 Contract assets and Contract cost assets (continued)

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	4,621	-	-	-
Total contract assets and contract cost assets	4,621	-	-	-

Contract assets

Other	4,621	-	-	-
Total contract assets	4,621	-	-	-

Significant changes in contract assets

Funding for various projects are provided to Council under contract arrangements with the Federal and State Governments. These projects include aerodrome runway lighting upgrade, construction of clubhouse and grandstand, residential land development and restoration of storm and flood damage assets.

Construction works for these projects were completed before funding were received by Council.

(i) Externally restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Total unrestricted assets	4,621	-	-	-
Total contract assets and contract cost asset	4,621	-	-	-

Accounting policy

Contract assets

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

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

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

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

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period					At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000											
Capital work in progress	5,880	–	5,880	4,043	–	–	–	–	9,923	–	9,923
Plant and equipment	16,557	(8,982)	7,575	668	(270)	(903)	–	–	16,694	(9,624)	7,070
Office equipment	1,282	(947)	335	13	–	(62)	–	–	1,295	(1,009)	286
Furniture and fittings	329	(284)	45	–	–	(7)	–	–	329	(291)	38
Land:											
– Operational land	4,569	–	4,569	–	–	–	233	–	4,802	–	4,802
– Community land	2,246	–	2,246	–	–	–	–	–	2,246	–	2,246
Infrastructure:											
– Buildings – non-specialised	5,642	(3,104)	2,538	22	–	(183)	–	410	6,642	(3,855)	2,787
– Buildings – specialised	34,076	(18,554)	15,522	46	(87)	(871)	–	2,509	40,580	(23,461)	17,119
– Other structures	5,328	(1,731)	3,597	28	(1)	(181)	47	398	6,045	(2,157)	3,888
– Roads	233,667	(39,654)	194,013	4,611	–	(1,970)	–	20,017	263,135	(46,463)	216,672
– Bridges	20,454	(7,424)	13,030	–	–	(199)	–	1,387	22,665	(8,447)	14,218
– Footpaths	3,880	(1,883)	1,997	18	–	(93)	–	208	4,320	(2,190)	2,130
– Stormwater drainage	23,268	(8,333)	14,935	156	–	(390)	–	1,589	25,783	(9,493)	16,290
– Water supply network	32,097	(14,518)	17,579	373	–	(569)	–	5,628	29,812	(6,801)	23,011
– Sewerage network	29,756	(10,250)	19,506	151	–	(478)	(233)	6,205	32,222	(7,071)	25,151
– Swimming pools	5,035	(1,418)	3,617	742	(14)	(160)	–	416	6,275	(1,674)	4,601
– Other open space/recreational assets	5,767	(2,354)	3,413	353	–	(206)	206	434	7,060	(2,860)	4,200
– Other infrastructure	414	(149)	265	–	–	(12)	(253)	–	–	–	–
Other assets:											
– Aerodrome	16,236	(13,276)	2,960	706	–	(153)	–	366	17,988	(14,109)	3,879
– Intangibles	1,062	(766)	296	17	(144)	(77)	–	–	815	(723)	92
– Remediation Assets	1,726	(170)	1,556	66	–	–	–	–	1,792	(170)	1,622
Total infrastructure, property, plant and equipment	449,271	(133,797)	315,474	12,013	(516)	(6,514)	–	39,567	500,423	(140,398)	360,025

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	4,729	–	4,729	3,995	–	–	(2,615)	(229)	–	5,880	–	5,880
Plant and equipment	8,605	(3,922)	4,683	1,272	(5)	(865)	31	–	–	16,557	(8,982)	7,575
Office equipment	1,173	(884)	289	108	–	(62)	–	–	–	1,282	(947)	335
Furniture and fittings	328	(273)	55	–	–	(10)	–	–	–	329	(284)	45
Land:												
– Operational land	4,221	–	4,221	–	(34)	–	–	–	382	4,569	–	4,569
– Community land	1,696	–	1,696	–	–	–	–	(3)	553	2,246	–	2,246
Infrastructure:												
– Buildings – non-specialised	5,634	(2,920)	2,714	8	–	(184)	–	–	–	5,642	(3,104)	2,538
– Buildings – specialised	33,870	(17,768)	16,102	263	–	(992)	141	–	–	34,076	(18,554)	15,522
– Other structures	4,945	(1,407)	3,538	244	–	(184)	–	–	–	5,328	(1,731)	3,597
– Roads	229,803	(37,608)	192,195	3,864	–	(2,039)	882	–	–	233,667	(39,654)	194,013
– Bridges	20,454	(7,225)	13,229	–	–	(199)	–	–	–	20,454	(7,424)	13,030
– Footpaths	3,476	(1,799)	1,677	404	–	(84)	194	–	–	3,880	(1,883)	1,997
– Stormwater drainage	23,009	(8,102)	14,907	258	–	(231)	162	–	–	23,268	(8,333)	14,935
– Water supply network	30,848	(13,819)	17,029	965	–	(567)	843	–	151	32,097	(14,518)	17,579
– Sewerage network	28,452	(9,763)	18,689	1,094	–	(439)	298	–	165	29,756	(10,250)	19,506
– Swimming pools	5,035	(1,246)	3,789	–	–	(172)	–	–	–	5,035	(1,418)	3,617
– Other open space/recreational assets	5,216	(2,191)	3,025	557	(1)	(169)	64	–	–	5,767	(2,354)	3,413
– Other infrastructure	414	(149)	265	–	–	(10)	–	–	–	414	(149)	265
Other assets:												
– Aerodrome	16,072	(12,917)	3,155	20	(23)	(164)	–	–	–	16,236	(13,276)	2,960
– Intangibles	943	(676)	267	–	–	(119)	–	–	–	1,062	(766)	296
– Remediation Assets	1,880	–	1,880	–	–	–	–	–	–	1,726	(170)	1,556
Total infrastructure, property, plant and equipment	430,803	(122,669)	308,134	13,052	(63)	(6,490)	–	(232)	1,251	449,271	(133,797)	315,474

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

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

Accounting policy

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed 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.

A desktop review was performed by Council at 30 June 2022 and the carrying amount of other infrastructure, property, plant and equipment assets were adjusted based on the construction price indexes published by the ABS.

Increases in the carrying amounts arising on revaluation are credited to the asset 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.

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	1 to 4		
Vehicles	5 to 20	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 50	Buildings: other	20 to 40
		Stormwater assets	
Water and sewer assets		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 100
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 100		
Pumps and telemetry	15 to 75		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	infinite
Sealed roads: surface	15 to 100	Swimming pools	50 to 70
Sealed roads: structure	20 to 100	Other open space/recreational assets	10 to 100
Unsealed roads	10 to 30	Other infrastructure	50 to 100
Bridge: concrete	80 to 300		
Bridge: other	50 to 80		
Road pavements	60 to 100		
Kerb, gutter and footpaths	40 to 100		

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Land under roads

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

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

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

C1-7 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

Council's financial statements are prepared in accordance with:

- Local Government Act 1993
- Australian Accounting Standards and other pronouncements
- Local Government Code of Accounting Practice and Financial Reporting

Australian accounting standards prevail over other agreements and acts. Section 119 of the *Rural Fire Services Act 1997 (NSW)*, states "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	2022	2021	2021
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	1,564	–	1,918	–
Accrued expenses:				
– Borrowings	4	–	–	–
– Salaries and wages	193	–	193	–
Other	190	–	255	–
Prepaid rates	403	–	326	–
Total payables	2,354	–	2,692	–

Accounting policy

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

Payables

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

C2-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,225	-	-	-
Total grants received in advance		1,225	-	-	-
Total contract liabilities		1,225	-	-	-
Contract liabilities relating to restricted assets					
Externally restricted assets					
Unspent grants held as contract liabilities (excl. Water & Sewer)		1,225	-	824	-
Contract liabilities relating to externally restricted assets		1,225	-	824	-
Total contract liabilities relating to restricted assets		1,225	-	824	-
Total contract liabilities relating to unrestricted assets		-	-	(824)	-
Total contract liabilities		1,225	-	-	-

Significant changes in contract liabilities

Deposits were received in advance from the Federal Government for the upgrade and construction of roads and footpaths and construction and reseal of aerodrome taxiway. Construction works to these assets will be completed within the next 12 months.

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 Borrowings

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured ¹	1,134	3,714	2,530	2,244
Total borrowings	1,134	3,714	2,530	2,244

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	4,774	74	-	-	-	-	4,848
Lease liability (Note C2-1b)	28	(28)	-	-	-	-	-
Total liabilities from financing activities	4,802	46	-	-	-	-	4,848

continued on next page ...

C2-3 Borrowings (continued)

	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	5,769	(995)	–	–	–	–	4,774
Lease liability (Note C2-1b)	28	–	–	–	–	–	28
Total liabilities from financing activities	5,797	(995)	–	–	–	–	4,802

C2-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Credit cards/purchase cards	60	60
Total financing arrangements	60	60
Undrawn facilities		
– Credit cards/purchase cards	60	60
Total undrawn financing arrangements	60	60

Additional financing arrangements information**Breaches and defaults**

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

Accounting policy

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

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

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

C2-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	585	–	465	–
Long service leave	967	51	963	51
Other leave	54	–	40	–
ELE on-costs	153	4	161	–
Total employee benefit provisions	1,759	55	1,629	51

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	652	1,004
	652	1,004

Description of and movements in provisions

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.

C2-5 Provisions

\$ '000	2022	2022	2021	2021
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,969	–	1,921
Sub-total – asset remediation/restoration	–	1,969	–	1,921
Total provisions	–	1,969	–	1,921

C2-5 Provisions (continued)

Description of and movements in provisions

\$ '000	Asset remediation	Total
2022		
At beginning of year	1,921	1,921
Additional provisions	-	-
Amounts used (payments)	-	-
Other	48	48
Total other provisions at end of year	1,969	1,969
2021		
At beginning of year	1,874	1,874
Additional provisions	-	-
Amounts used (payments)	-	-
Other	47	47
Total other provisions at end of year	1,921	1,921

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	7,695	732	1,221
User charges and fees	3,418	1,250	327
Interest and investment revenue	30	18	10
Other revenues	438	–	–
Grants and contributions provided for operating purposes	7,349	20	19
Grants and contributions provided for capital purposes	10,132	492	–
Net gains from disposal of assets	481	–	–
Other income	271	–	–
Total income from continuing operations	29,814	2,512	1,577
Expenses from continuing operations			
Employee benefits and on-costs	6,516	381	200
Materials and services	7,519	1,306	791
Borrowing costs	103	–	–
Depreciation, amortisation and impairment of non-financial assets	5,465	570	479
Other expenses	871	–	(3)
Fair value decrement on investments	891	133	567
Total expenses from continuing operations	21,365	2,390	2,034
Operating result from continuing operations	8,449	122	(457)
Net operating result for the year	8,449	122	(457)
Net operating result attributable to each council fund	8,449	122	(457)
Net operating result for the year before grants and contributions provided for capital purposes	(1,683)	(370)	(457)

D1-2 Statement of Financial Position by fund

ASSETS

Current assets

Cash and cash equivalents	4,543	–	–
Investments	11,436	1,155	7,007
Receivables	3,081	539	299
Inventories	2,127	–	–
Contract assets and contract cost assets	4,621	–	–
Other	50	–	–
Total current assets	25,858	1,694	7,306

Non-current assets

Receivables	197	104	56
Inventories	4,194	–	–
Infrastructure, property, plant and equipment	308,920	25,230	25,875
Investments accounted for using the equity method	361	–	–
Investment property	48	–	–

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

\$ '000	General 2022	Water 2022	Sewer 2022
Total non-current assets	313,720	25,334	25,931
Total assets	339,578	27,028	33,237
LIABILITIES			
Current liabilities			
Payables	2,291	63	–
Contract liabilities	1,225	–	–
Borrowings	1,134	–	–
Employee benefit provision	1,759	–	–
Total current liabilities	6,409	63	–
Non-current liabilities			
Borrowings	3,714	–	–
Employee benefit provision	55	–	–
Provisions	1,969	–	–
Total non-current liabilities	5,738	–	–
Total liabilities	12,147	63	–
Net assets	327,431	26,965	33,237
EQUITY			
Accumulated surplus	137,203	10,910	11,024
Revaluation reserves	190,228	16,055	22,213
Council equity interest	327,431	26,965	33,237
Total equity	327,431	26,965	33,237

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	4,543	5,125	4,543	5,194
Receivables	4,276	2,482	4,222	2,482
Fair value through profit and loss				
Investments				
– Held for trading	19,598	21,189	19,598	21,189
Total financial assets	28,417	28,796	28,363	28,865
Financial liabilities				
Payables	2,354	2,692	2,277	2,692
Loans/advances	4,848	4,774	4,852	4,774
Total financial liabilities	7,202	7,466	7,129	7,466

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 with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and 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 investments 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.
- **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.
- **Liquidity risk** – the risk that the Council will not be able to pay its debts as and when they fall due.

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

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	45	86
Impact of a 10% movement in price of investments		
– Equity / Income Statement	1,960	2,119

(b) Credit risk

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

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

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.

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

A profile of Council's receivables credit risk at balance date follows:

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
2022				
Gross carrying amount	292	173	22	487
2021				
Gross carrying amount	650	174	–	824

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	7,664	217	35	287	293	8,496
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.70%	0.09%
ECL provision	–	–	–	–	86	86
2021						
Gross carrying amount	1,278	2	2	1	434	1,717
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.70%	0.68%
ECL provision	–	–	–	–	59	59

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	–	2,354	–	–	2,354	2,354
Borrowings	2.96%	–	1,134	3,056	658	4,848	4,848
Total financial liabilities		–	3,488	3,056	658	7,202	7,202
2021							
Payables	0.00%	–	2,366	–	–	2,366	2,692
Borrowings	3.75%	–	1,022	3,635	117	4,774	4,774
Total financial liabilities		–	3,388	3,635	117	7,140	7,466

Loan agreement breaches

There have been no breaches to loan agreements during the reporting year.

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).

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy									
		Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements											
Financial assets											
Financial investments	C1-2										
– ‘Held for trading/fair value through profit or loss’		30/06/22	30/06/21	24,141	26,384	–	–	–	–	24,141	26,384
Total financial assets				24,141	26,384	–	–	–	–	24,141	26,384
Infrastructure, property, plant and equipment											
Operational land	C1-7	30/06/18	30/06/18	–	–	4,802	4,802	–	–	4,802	4,802
Community land		30/06/18	30/06/18	–	–	2,246	2,246	–	–	2,246	2,246
Buildings – non-specialised		30/06/18	30/06/18	–	–	–	–	2,787	2,538	2,787	2,538
Buildings – specialised		30/06/18	30/06/18	–	–	–	–	17,119	15,105	17,119	15,105
Other structures		30/06/19	30/06/19	–	–	–	–	3,888	3,596	3,888	3,596
Roads		30/06/20	30/06/20	–	–	–	–	216,672	194,154	216,672	194,154
Bridges		30/06/20	30/06/20	–	–	–	–	14,218	13,030	14,218	13,030
Footpaths		30/06/20	30/06/20	–	–	–	–	2,130	1,997	2,130	1,997
Stormwater drainage		30/06/20	30/06/20	–	–	–	–	16,290	15,068	16,290	15,068
Water supply network		30/06/22	30/06/17	–	–	–	–	23,011	18,199	23,011	18,199
Sewerage network		30/06/22	30/06/17	–	–	–	–	25,151	19,273	25,151	19,273
Swimming pools		30/06/19	30/06/19	–	–	–	–	4,601	3,617	4,601	3,617
Other open space/recreational assets		30/06/19	30/06/19	–	–	–	–	4,200	3,410	4,200	3,410
Other infrastructure		30/06/20	30/06/20	–	–	–	–	–	265	–	265
Aerodrome		30/06/19	30/06/19	–	–	–	–	3,879	3,391	3,879	3,391
Total infrastructure, property, plant and equipment				–	–	7,048	7,048	333,946	293,643	340,994	300,691

E2-1 Fair value measurement (continued)

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

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment and furniture and fittings

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

- Plant and Equipment - Graders, trucks, rollers, tractors, mowers and motor vehicles.
- Office Equipment - Computer Servers, surveillance equipment, Software, photocopiers, radio equipment etc.
- Furniture & Fittings - Desks, Cabinets, Ergonomic chairs

Operational and community land

Operational Land is based on the Land Value provided by an external Valuer in 2018. It is based on average unit rate based on the Land Value for similar properties, having regard to the highest and best use for the land. Community Land has been valued in 2017 using valuations of the Valuer General.

Buildings – non-specialised and specialised

Non-Specialised & Specialised Buildings values were provided by an external Valuer in 2018. The approach estimated the replacement cost for each building by componentising the building into significant parts and taking into account asset condition and remaining useful life. While all buildings were physically inspected and the unit rates based on square metres no market based evidence (Level 2) could not be established. As such these assets were classified as having been valued as Level 3 valuation inputs. This assets class was indexed at 30 June 2022 using the construction price indexes published by the ABS.

Other structures

Other Structures comprise of telemetry systems, cemetery, sale yards, waste facilities, and the family day care etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. Other Structures were revalued externally during 2018/19 by AssetVal Pty Ltd using the brownfield approach. This asset class was indexed at 30 June 2022 using the construction price indexes published by the ABS.

Roads

Roads were externally valued using the brownfield approach during 19/20 by AssetVal Pty Ltd, major changes include giving road pavement and Seal a long life and a short life component, and separating the floodways which have shorter lives. Market based evidence (level 2) were used for Gravel pavement, Seal, Culverts, Footpath, and K&G. This asset class was indexed at 30 June 2022 using the construction price indexes published by the ABS.

Bridges

Bridges were externally valued using the brownfield approach during 19/20 by AssetVal Pty Ltd, major changes include componentising bridges from one asset into components, Substructure, superstructure, abutments etc. Major Culverts over 6m long were considered bridges and transferred from stormwater into bridges. This asset class was indexed at 30 June 2022 using the construction price indexes published by the ABS.

Footpaths

Footpaths were externally valued using the brownfield approach during 19/20 by AssetVal Pty Ltd, Market based evidence (level 2) were used for concrete Footpaths and cycleways. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. This asset class was indexed at 30 June 2022 using the construction price indexes published by the ABS.

Stormwater drainage

Stormwater assets were externally valued using the brownfield approach during 19/20 by AssetVal Pty Ltd, with previously unaccounted for assets now valued Market based evidence (level 2) were used for culverts, and K&G. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. This asset class was indexed at 30 June 2022 using the construction price indexes published by the ABS.

Water supply network

E2-1 Fair value measurement (continued)

Assets in this class comprise of pipes, valves, pumps, bores, and reservoirs and are valued using the brownfield and cost approach. The Water Network values were provided by APV Valuers in 2022. The unit rates are based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. This asset class is indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

E2-1 Fair value measurement (continued)

Sewerage network

Assets in this class comprise of Treatment Plants, Pumping stations, sewerage pipelines and Manholes and are valued using the brownfield and cost approach. The Sewerage Network values were provided by APV Valuers in 2022. The unit rates are based on linear metres of certain diameter pipes and prices per treatment item or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. This asset class is indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

Open space recreation

Assets within this class comprise playground equipment, softfall surfaces, shade structures, irrigation, fencing, lighting, furniture, sculptures and monuments etc. and are valued using the cost approach whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. All Open Space Recreation Assets were last revalued externally during 2018/19 by AssetVal Pty Ltd using the brownfield approach. This asset class was indexed at 30 June 2022 using the construction price indexes published by the ABS.

Aerodrome

Assets within this class comprise the Aerodrome sealed runways at Narromine along with associated furniture, signage, lighting, fencing, and control structures and are valued using the cost approach whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. All assets were last valued externally during 2018/19 by AssetVal Pty Ltd using the brownfield approach. This asset class was indexed at 30 June 2022 using the construction price indexes published by the ABS.

Swimming pools

Assets within this class comprise the 50m 8 lane outdoor pool, and childrens pool at Narromine, and the 25m outdoor pool at Trangie with associated furniture, filtration systems etc and are valued using the cost approach whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. All assets were last valued externally during 2018/19 by AssetVal Pty Ltd using the brownfield approach. This asset class was indexed at 30 June 2022 using the construction price indexes published by the ABS.

The valuation process for level 3 fair value measurements

Fair Value - Valuation techniques

Class	Valuation Technique(s)	Unobservable Inputs
Plant, equipment, furniture, fittings and office equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Operational Land	Market approach	Price per square metre
Community Land	Market approach Land values obtain from NSW Land value, land area, level of restriction Valuer-General	
Buildings	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value, rates per m2
Roads, Bridges & Footpaths	Cost approach	Asset condition, remaining lives using componentisation, unit rates per m2 or length
Stormwater Drainage	Cost approach	Asset condition, remaining lives, unit rates per m2 or length
Water Supply Network	Cost approach	Asset condition, remaining lives using componentisation, unit rates per m2 or length
Sewerage Network	Cost approach	Asset condition, remaining lives using componentisation, unit rates per m2 or length
Swimming Pools, Other Open Space/Recreational Assets	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value, rates per m2
Other Infrastructure	Cost approach	Asset condition and remaining lives using componentisation
Aerodrome	Cost approach	Asset condition, remaining lives using componentisation

E2-1 Fair value measurement (continued)

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

\$ '000	IPPE	
	2022	2021
Opening balance	309,969	301,255
Total gains or losses for the period		
Other movements		
Purchases (GBV)	7,887	11,674
Disposals (WDV)	(372)	(53)
Depreciation and impairment	(6,437)	(6,371)
Revaluation	37,340	3,464
Closing balance	348,387	309,969

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.

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The scheme's most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme is a defined benefit plan that has been deemed to be a "multi-employer fund" for the purposes of AASB 119 Employee Benefits and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. 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 standard employer contribution rates are:

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

(*) For 180 Point Members, employers are required to contribute 7.5% of salaries for the year ended 30 June 2022 (increasing to 8% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to member's defined benefits.

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

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

As stated 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.

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 entity.

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 plan is a defined benefit plan. However, 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). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note B3-1 for the year ending 30 June 2022 was \$ 90,377.92.

The last valuation of the scheme was performed by Mr Richard Boyfield FIAA (AFS Licence # 411770) as at 30 June 2022.

Council's expected contribution to the Fund for the next annual reporting period is \$77,787.00.

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

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

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

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

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

* Plus promotional increases

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

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

Council's additional lump sum contribution per annum of 0.10% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2019 to 31 December 2021 and \$20m for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub group.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

E3-1 Contingencies (continued)

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

2. Other liabilities

(iv) 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	880	1,093
Post-employment benefits	182	89
Total	1,062	1,182

Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions
\$ '000				
2022				
Office Supplies	1	9	–	30 days
2021				
Office Supplies	1	13	–	30 days

1 Council makes ad hoc purchases from Stationery Store Online, a company which is controlled by a member of the KMP of the previous council. The total annual contract value is around \$32,000 and purchases are made in accordance with the Procurement policy and based on market rates.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	27	24
Councillors' fees	104	99
Other Councillors' expenses (including Mayor)	28	29
Total	159	152

F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions
2022				
Library Services	3	334	–	30 days
2021				
Library Services	3	384	–	30 days

- 3 Council has joined with Western Plains Regional Council and Warrumbungle Shire Council to form a Joint Venture arrangement called Macquarie Regional Library. Council contributes a proportion of the costs of the entity and receives a share of profits and net assets.

F2 Other relationships

F2-1 Audit fees

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

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

66	60
66	60
Total Auditor-General remuneration	60

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	8,114	10,260
Add / (less) non-cash items:		
Depreciation and amortisation	6,514	6,490
(Gain) / loss on disposal of assets	(481)	231
Non-cash capital grants and contributions	(35)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	1,591	(289)
– Revaluation decrements / impairments of IPP&E direct to P&L	–	142
Share of net (profits)/losses of associates/joint ventures using the equity method	(30)	(6)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,821)	(297)
Increase / (decrease) in provision for impairment of receivables	27	(17)
(Increase) / decrease of inventories	(61)	(59)
(Increase) / decrease of other current assets	34	8
(Increase) / decrease of contract asset	(4,621)	–
Increase / (decrease) in payables	(354)	486
Increase / (decrease) in accrued interest payable	4	–
Increase / (decrease) in other accrued expenses payable	–	(1,890)
Increase / (decrease) in other liabilities	12	33
Increase / (decrease) in contract liabilities	1,225	–
Increase / (decrease) in employee benefit provision	134	81
Increase / (decrease) in other provisions	48	47
Net cash flows from operating activities	10,300	15,220

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	342	261
Buildings	1,110	330
Road infrastructure	1,376	322
Sports & Recreation	233	2,703
Other	1,677	335
Total commitments	4,738	3,951
These expenditures are payable as follows:		
Within the next year	4,738	3,951
Total payable	4,738	3,951

G3-1 Events occurring after the reporting date

Pre-amble

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	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
S7.12 levies – under a plan	135	109	–	–	–	–	244	–
Total S7.11 and S7.12 revenue under plans	135	109	–	–	–	–	244	–
S64 contributions	393	–	–	–	–	–	393	–
Total contributions	528	109	–	–	–	–	637	–

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

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
S7.12 LEVIES – UNDER A PLAN								
Drainage	10	–	–	–	–	–	10	–
Roads	8	–	–	–	–	–	8	–
Open space	26	–	–	–	–	–	26	–
Community facilities	91	109	–	–	–	–	200	–
Total	135	109	–	–	–	–	244	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	132	0.58%	5.35%	6.15%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	22,712				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	15,324	45.97%	46.91%	51.97%	> 60.00%
Total continuing operating revenue ¹	33,336				
3. Unrestricted current ratio					
Current assets less all external restrictions	20,811	4.59x	3.22x	2.86x	> 1.50x
Current liabilities less specific purpose liabilities	4,532				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	5,158	4.57x	7.10x	11.46x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,129				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	676	6.43%	7.94%	8.72%	< 10.00%
Rates and annual charges collectable	10,519				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	4,543	2.88	3.71	8.23	> 3.00
Monthly payments from cash flow of operating and financing activities	1,579	months	months	months	months

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	5.02%	1.83%	(18.32)%	1.32%	(28.98)%	37.69%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	40.23%	39.98%	79.62%	68.05%	98.80%	99.09%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.59x	3.22x	26.89x	53.83x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4.37x	5.38x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	7.89%	9.65%	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	2.88	(0.54)	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months					months

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

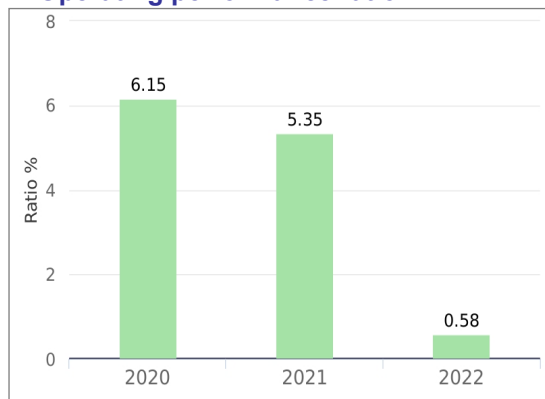
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio 0.58%

Council's operating performance ratio decreased significantly due to a financial loss, negative return on investments and is slightly above the benchmark set by OLG.

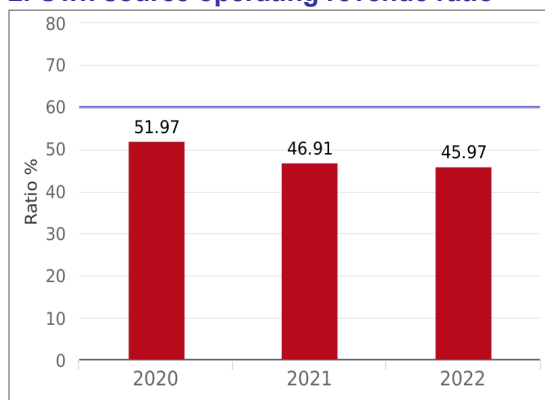
Benchmark: — > 0.00%

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 45.97%

Narromine Shire Council is a rural Council with limited revenue generating opportunities. Council has generated 44% of its total revenue from own sources which is lower than the benchmark set by OLG.

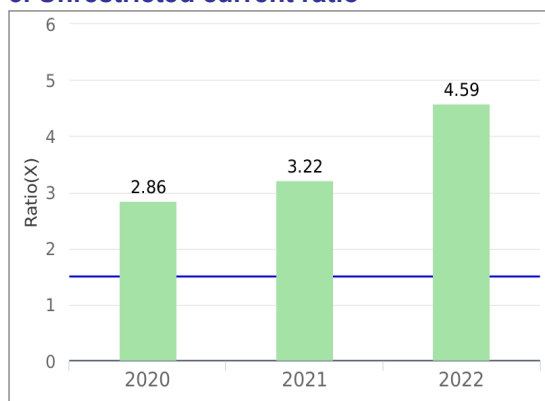
Benchmark: — > 60.00%

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 4.59x

Council's result is well above the benchmark of 1.5 times set by OLG.

Benchmark: — > 1.50x

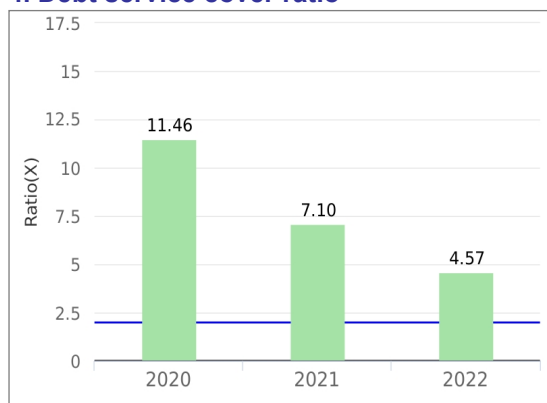
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 4.57x

Debt service cover ratio decreased due to the impact of negative investment returns on the operating income of Council for the financial year. Council continues to monitor its liquidity levels to ensure borrowing costs are met when they are due.

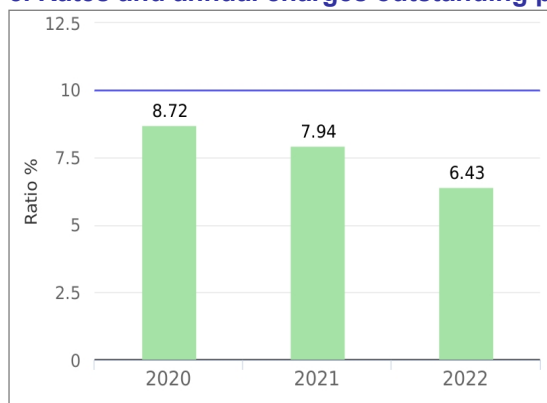
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 6.43%

Council's result is 6.43% which exceeds the limit set by OLG. The ratio improved from the previous year due to the recovery of long outstanding debts.

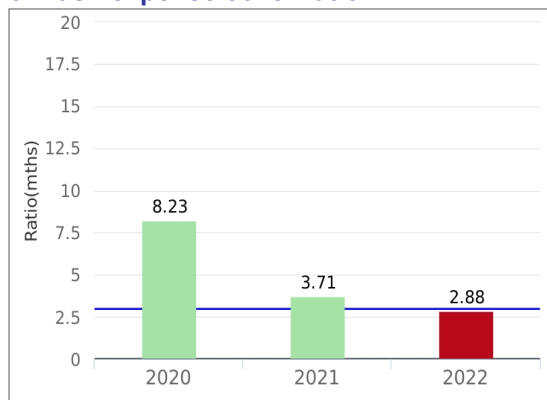
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 2.88 months

Council is slightly below the benchmark set by OLG which is 3.0 times for rural councils.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying financial statements of Narromine 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:

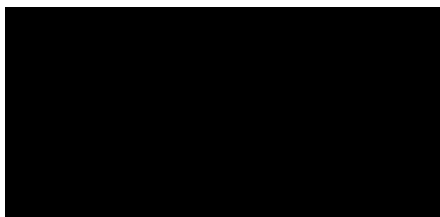
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.



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

28 October 2022
SYDNEY



Cr Craig Davies
Mayor
Narromine Shire Council
PO Box 115
Narromine NSW 2821

Contact: Unaib Jeffrey
Phone no: 02 9275 7450
Our ref: D2222280/1769

28 October 2022

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2022	2021*	Variance
	\$m	\$m	%
Rates and annual charges revenue	9.6	9.4	↑ 2.1
Grants and contributions revenue	18.0	17.1	↑ 5.3
Operating result from continuing operations	8.1	10.3	↓ 21.3
Net operating result before capital grants and contributions	(2.5)	1.1	↓ 321

Rates and annual charges revenue (\$9.6 million) increased by \$0.2 million (2.1 per cent) in 2021–22 due to the rate peg increase of 2.0 per cent.

Grants and contributions revenue (\$18.0 million) increased by \$0.9 million (5.3 per cent) in 2021–22 due to:

- increase of \$1.5 million of grants recognised received for future year financial assistance
- increase of \$3.8 million of grants recognised received for roads and bridges funding
- decrease of \$2.9 million of grants recognised received for bushfire and emergency services.

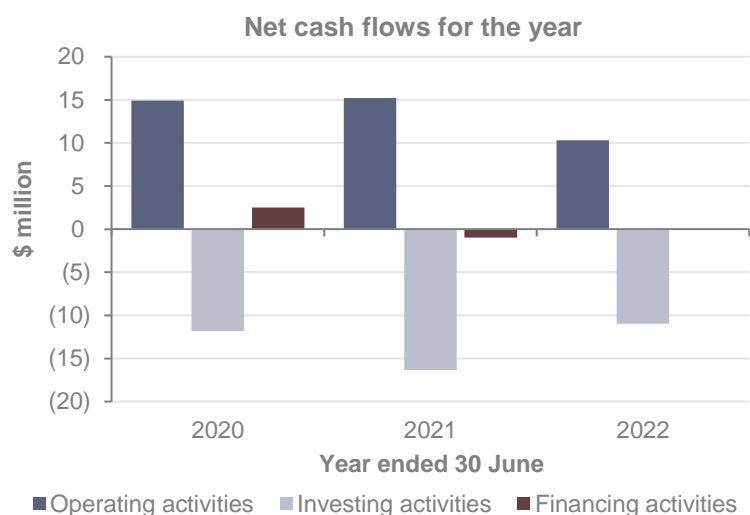
The Council's operating result from continuing operations (\$8.1 million including depreciation and amortisation expense of \$6.5 million) was \$2.2 million lower than the 2020–21 result. The decrease was primarily attributable to higher materials and services expenses \$2.7 million and a fair value decrement on Council's investments of \$1.6 million. These movements were partially offset by higher rates and grants income noted above.

The net operating result before capital grants and contributions (\$2.5 million) was \$3.6 million lower than the 2020–21 result. The reasons for variations are similar as noted above.

STATEMENT OF CASH FLOWS

The Council's cash balance (\$4.5 million) decreased by \$0.6 million in 2021-22 due to:

- decreased cash flows from operating activities of \$4.9 million including higher payments for materials and services.
- decreased in cash flows used in investing activities of \$5.4 million mainly due to higher sales of real estate and lower purchases of investments and IPPE.
- increased cash flows from financing activities of \$1.1 million including the proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	24.1	26.3	<ul style="list-style-type: none"> • External restrictions primarily include funds for water supply and sewerage services, specific purpose unexpended grants and domestic waste management. The decrease in the current year is attributable to the water and sewer restrictions. • Internal allocations are due to Council policy or decisions for forward plans including the capital works program. The decrease in 2021-22 relates to the removal of the infrastructure replacement allocation.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	13.2	14.0	
• Internal allocations	7.8	9.5	
• Unrestricted	3.1	2.7	

PERFORMANCE

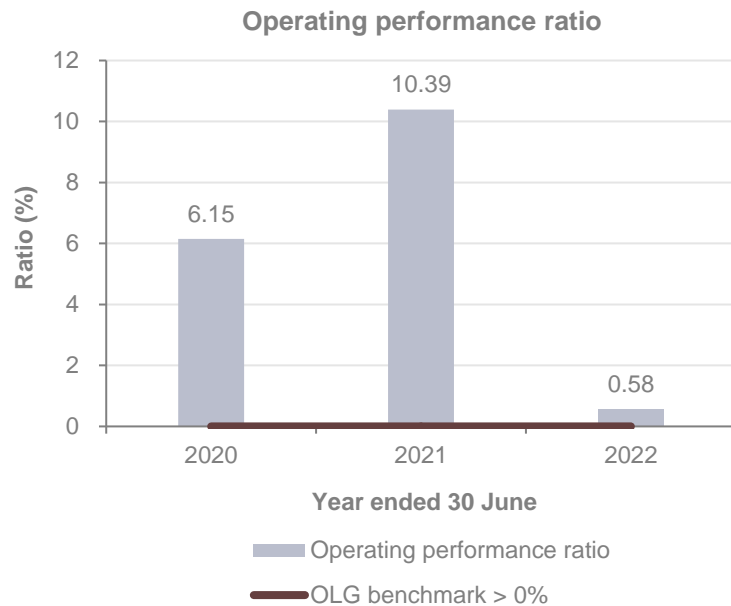
Performance measures

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

Operating performance ratio

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

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



Own source operating revenue ratio

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

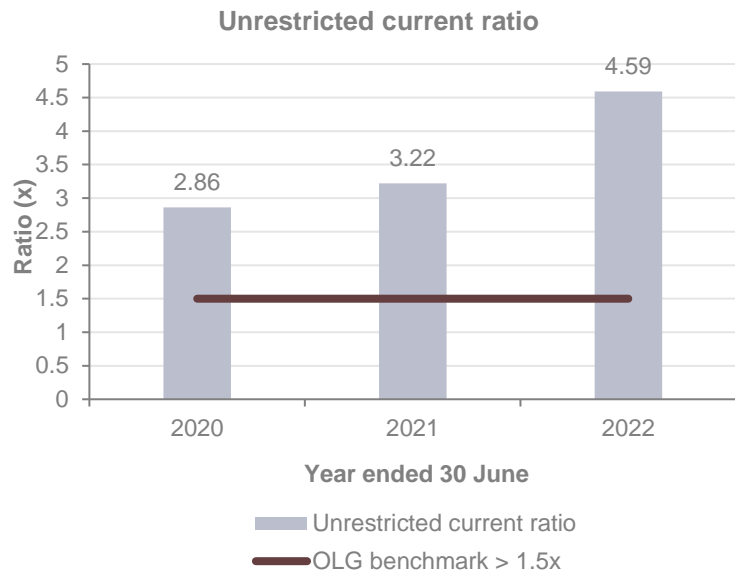
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

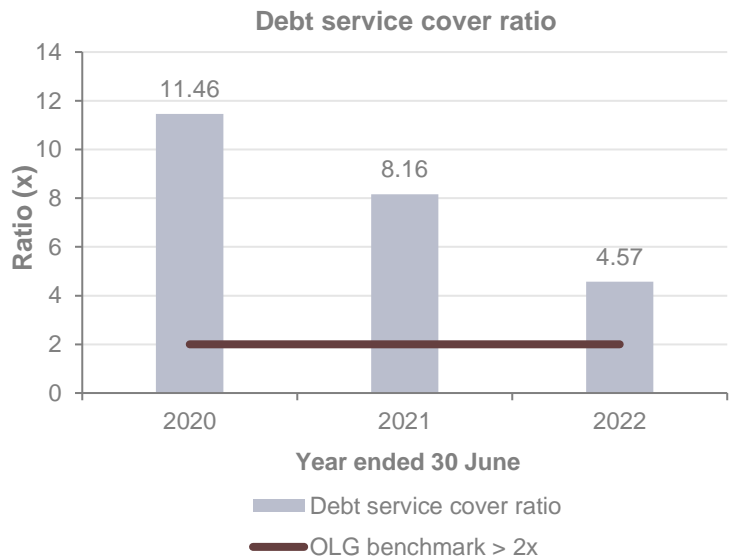
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

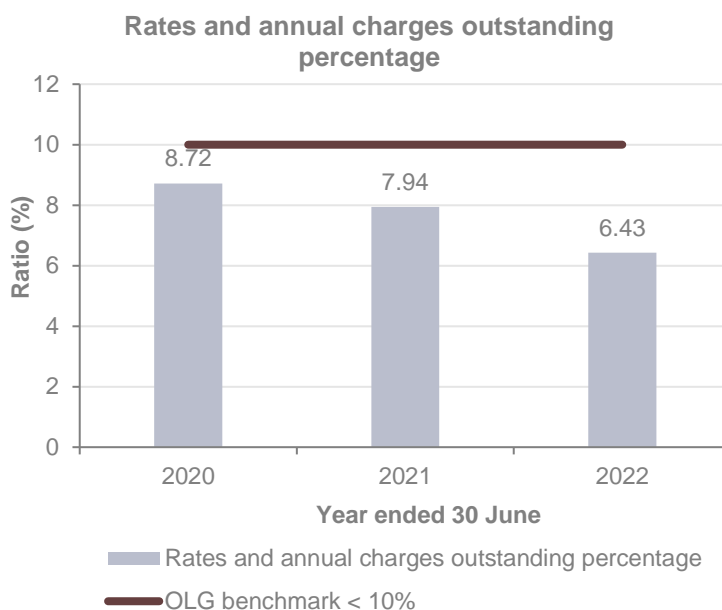
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

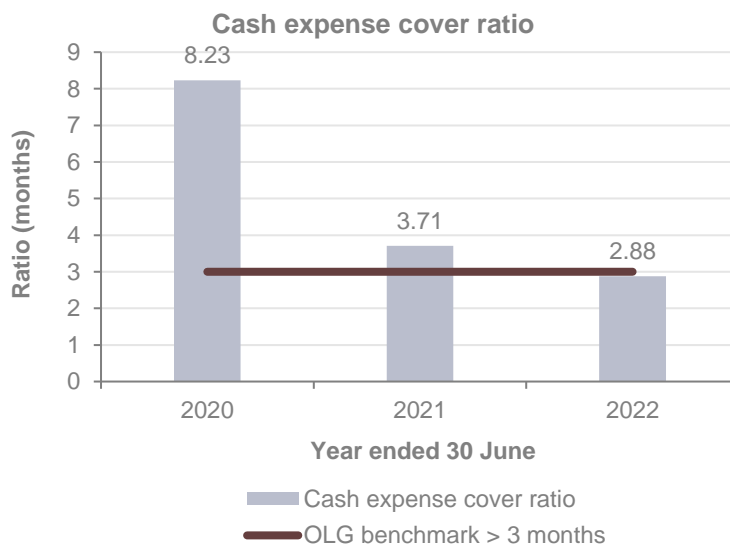
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

Council spent \$12.0 million on asset renewals in 2021-22 compared to \$13.0 million in 2020-21. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.

A short-term benchmark of Council's strategic asset management is to assess the rate at which Council's assets are being renewed against the rate at which they are depreciating. In 2021-22, asset renewals of \$12.0 million represented 185% of Council's \$6.5 million depreciation expense. This result was 15% higher than the 2020-21 result of 170%.

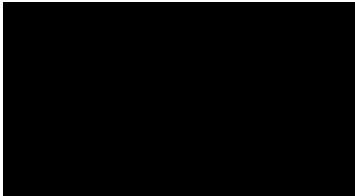
Asset renewals in 2021-22 were carried out in accordance with Council's capital works program and were primarily related to road assets.

OTHER MATTERS

Legislative compliance

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

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



Unaib Jeffrey
Delegate of the Auditor General for New South Wales

cc: Ms Jane Redden, General Manager
Mr Neil Maltby, Chair of the Audit, Risk and Improvement Committee
Michael Cassel, Secretary of the Department of Planning and Environment

Narromine Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2022

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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Background

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

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

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

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

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

Narromine Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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

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

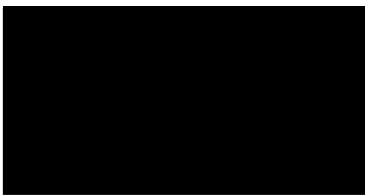
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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

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

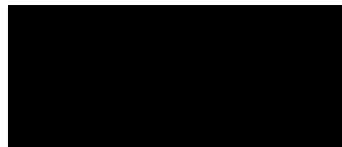
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

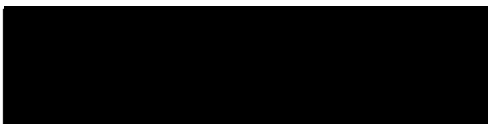
Signed in accordance with a resolution of Council made on 26 September 2022.



Cr Craig Davies
Mayor
26 September 2022



Cr Dawn Collins
Councillor
26 September 2022



Jane Redden
General Manager
26 September 2022



Barry Bonthuys
Responsible Accounting Officer
26 September 2022

Narromine Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	732	651
User charges	1,231	1,212
Fees	19	66
Interest and investment income	18	190
Grants and contributions provided for operating purposes	20	82
Total income from continuing operations	2,020	2,201
Expenses from continuing operations		
Employee benefits and on-costs	381	405
Materials and services	1,306	1,199
Depreciation, amortisation and impairment	570	568
Share of loss from equity accounted investment	133	–
Total expenses from continuing operations	2,390	2,172
Surplus (deficit) from continuing operations before capital amounts	(370)	29
Grants and contributions provided for capital purposes	492	913
Surplus (deficit) from continuing operations after capital amounts	122	942
Surplus (deficit) from all operations before tax	122	942
Less: corporate taxation equivalent (26%) [based on result before capital]	–	(8)
Surplus (deficit) after tax	122	934
Plus accumulated surplus	13,365	12,423
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	8
Closing accumulated surplus	13,487	13,365
Return on capital %	(1.5)%	0.1%
Subsidy from Council	1,293	289
Calculation of dividend payable:		
Surplus (deficit) after tax	122	934
Less: capital grants and contributions (excluding developer contributions)	(492)	(913)
Surplus for dividend calculation purposes	–	21
Potential dividend calculated from surplus	–	11

Narromine Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	1,221	1,179
User charges	314	380
Liquid trade waste charges	13	10
Interest and investment income	10	713
Grants and contributions provided for operating purposes	19	21
Total income from continuing operations	1,577	2,303
Expenses from continuing operations		
Employee benefits and on-costs	200	205
Materials and services	791	808
Depreciation, amortisation and impairment	479	439
Share of loss from equity accounted investment	567	–
Other expenses	(3)	(17)
Total expenses from continuing operations	2,034	1,435
Surplus (deficit) from continuing operations before capital amounts	(457)	868
Surplus (deficit) from continuing operations after capital amounts	(457)	868
Surplus (deficit) from all operations before tax	(457)	868
Less: corporate taxation equivalent (26%) [based on result before capital]	–	(226)
Surplus (deficit) after tax	(457)	642
Plus accumulated surplus	11,811	10,943
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	226
Closing accumulated surplus	11,354	11,811
Return on capital %	(1.8)%	4.3%
Subsidy from Council	1,404	–
Calculation of dividend payable:		
Surplus (deficit) after tax	(457)	642
Surplus for dividend calculation purposes	–	642
Potential dividend calculated from surplus	–	321

Narromine Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Investments	1,155	2,022
Receivables	539	508
Total current assets	1,694	2,530
Non-current assets		
Receivables	104	–
Infrastructure, property, plant and equipment	25,230	21,312
Total non-current assets	25,334	21,312
Total assets	27,028	23,842
LIABILITIES		
Current liabilities		
Payables	63	47
Total current liabilities	63	47
Total liabilities	63	47
Net assets	26,965	23,795
EQUITY		
Accumulated surplus	10,910	13,368
Revaluation reserves	16,055	10,427
Total equity	26,965	23,795

Narromine Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	–	5,871
Investments	7,007	1,823
Receivables	299	319
Total current assets	7,306	8,013
Non-current assets		
Receivables	56	–
Infrastructure, property, plant and equipment	25,875	20,040
Total non-current assets	25,931	20,040
Total assets	33,237	28,053
Net assets	33,237	28,053
EQUITY		
Accumulated surplus	11,024	11,812
Revaluation reserves	22,213	16,241
Total equity	33,237	28,053

Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the NCP which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

Narromine Shire Council Water Supply

Comprising the whole of the operations and net assets of the water supply activities of Council servicing the towns of Narromine, Trangie, and Tomingley.

Narromine Shire Council Sewerage Service

Comprising the whole of the operations and net assets of the sewerage reticulation and treatment activities of Council servicing the towns of Narromine and Trangie.

Category 2

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

none

Taxation equivalent charges

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

Note – Significant Accounting Policies (continued)

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

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

Notional rate applied (%)

Corporate income tax rate – 26%

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

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

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

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

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

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate. For the 2021-22 income year companies that are base rate entities must apply the lower 26% company tax rate.

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/22.

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the DoI - Water guidelines and must not exceed:

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

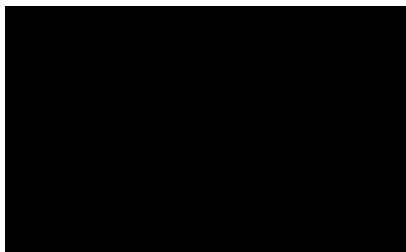
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



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

28 October 2022
SYDNEY

Narromine Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

Special Schedules

for the year ended 30 June 2022

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Permissible income for general rates

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Report on infrastructure assets as at 30 June 2022

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Narromine Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	6,017	6,146
Plus or minus adjustments ²	b	8	64
Notional general income	c = a + b	6,025	6,210
Permissible income calculation			
Or rate peg percentage	e	2.00%	0.70%
Or plus rate peg amount	i = e x (c + g)	121	43
Sub-total	k = (c + g + h + i + j)	6,146	6,253
Plus (or minus) last year's carry forward total	l	(1)	(1)
Sub-total	n = (l + m)	(1)	(1)
Total permissible income	o = k + n	6,145	6,252
Less notional general income yield	p	6,146	6,237
Catch-up or (excess) result	q = o - p	(1)	16
Carry forward to next year ⁶	t = q + r + s	(1)	16

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

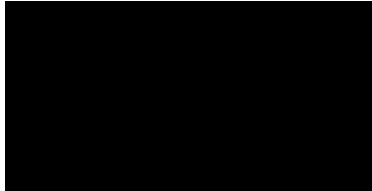
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



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

28 October 2022
SYDNEY

Narromine Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Buildings	1,088	1,088	986	913	16,986	40,281	18.0%	61.0%	19.0%	3.0%	(1.0%)
	Other	–	–	–	–	2,920	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	1,088	1,088	986	913	19,906	40,281	18.0%	61.0%	19.0%	3.0%	(1.0%)
Other structures	Other structures	257	257	–	–	3,888	6,426	56.0%	27.0%	13.0%	4.0%	0.0%
	Sub-total	257	257	–	–	3,888	6,426	56.0%	27.0%	13.0%	4.0%	0.0%
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	2,704	2,704	1,127	1,165	111,528	135,233	24.0%	12.0%	62.0%	2.0%	0.0%
	Unsealed roads	–	–	4,762	1,025	83,393	101,119	43.0%	44.0%	10.0%	0.0%	3.0%
	Bridges	204	204	–	–	12,831	20,454	50.0%	34.0%	15.0%	1.0%	0.0%
	Footpaths	78	78	–	–	1,921	3,898	15.0%	39.0%	44.0%	2.0%	0.0%
	Other road assets	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	23,171	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	5	5	137	137	176	480	40.0%	29.0%	29.0%	1.0%	1.0%
Sub-total	2,991	2,991	6,026	2,327	233,020	261,184	33.3%	26.5%	37.9%	1.1%	1.2%	
Water supply network	Water supply network	–	–	1,638	1,704	17,382	32,470	47.0%	44.0%	9.0%	0.0%	0.0%
	Other	–	–	–	–	5,629	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	1,638	1,704	23,011	32,470	47.0%	44.0%	9.0%	0.0%	0.0%
Sewerage network	Sewerage network	325	325	1,100	977	18,945	32,470	76.0%	9.0%	13.0%	1.0%	1.0%
	Other	–	–	–	–	6,206	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	325	325	1,100	977	25,151	32,470	76.0%	9.0%	13.0%	1.0%	1.0%
Stormwater drainage	Stormwater drainage	931	931	76	19	14,700	23,268	25.0%	38.0%	33.0%	4.0%	0.0%
	Other	–	–	–	–	1,590	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	931	931	76	19	16,290	23,268	25.0%	38.0%	33.0%	4.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	187	484	5,036	5,684	16.0%	80.0%	4.0%	0.0%	0.0%
	Other Open Space Recreational	190	190	1,701	1,051	3,765	6,326	15.0%	51.0%	31.0%	3.0%	0.0%
	Sub-total	190	190	1,888	1,535	8,801	12,010	15.5%	64.7%	18.2%	1.6%	0.0%

Narromine Shire Council

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

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Other infrastructure assets	Other	326	326	2,406	2,121	–	16,289	16.0%	15.0%	66.0%	2.0%	1.0%	
	Sub-total	326	326	2,406	2,121	–	16,289	16.0%	15.0%	66.0%	2.0%	1.0%	
	Total – all assets	6,108	6,108	14,120	9,596	330,067	424,398	34.9%	31.1%	31.8%	1.5%	0.7%	

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

Infrastructure asset condition assessment 'key'

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

Narromine Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio ¹					
Asset renewals ¹	9,626	181.21%	166.57%	153.11%	>= 100.00%
Depreciation, amortisation and impairment	5,312				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	6,108	1.80%	2.09%	2.14%	< 2.00%
Net carrying amount of infrastructure assets	339,990				
Asset maintenance ratio					
Actual asset maintenance	9,596	67.96%	95.55%	94.45%	> 100.00%
Required asset maintenance	14,120				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	6,108	1.44%	1.55%	1.47%	
Gross replacement cost	424,398				

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

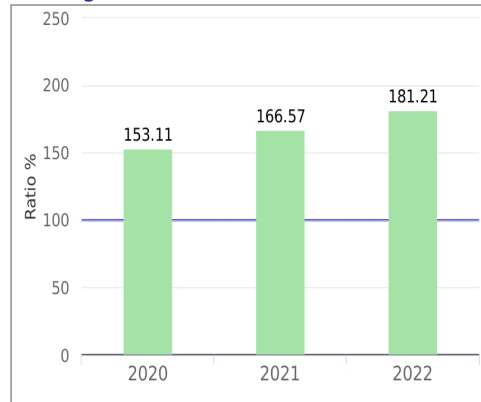
(1) Excludes WIP

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Narromine Shire Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
21/22 ratio	181.21%
Council continues to renew its assets to maintain expected service levels and the ratio is well above the benchmark set by OLG.	

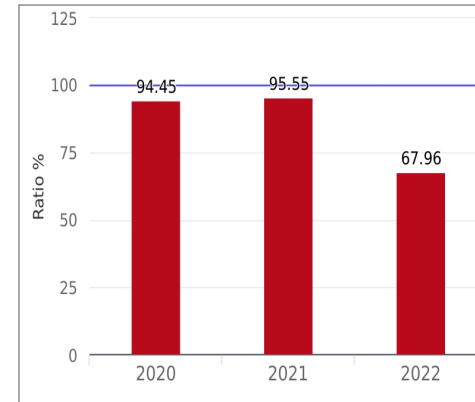
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
21/22 ratio	67.96%
Council is below the benchmark set by OLG due to the shortfall in asset maintenance compared to required expenditure.	

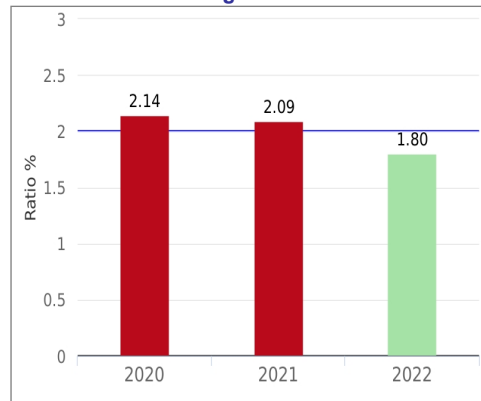
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
21/22 ratio	1.80%
Council's infrastructure backlog has remained around 2% for the past years which is in line with the benchmark set by OLG.	

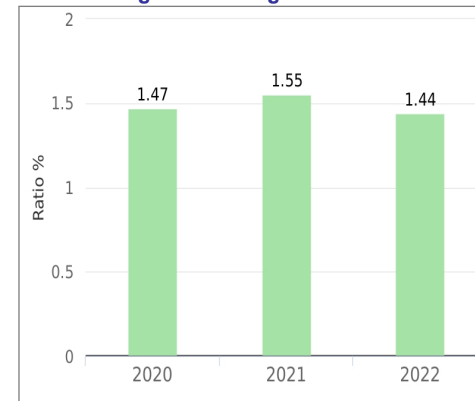
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
21/22 ratio	1.44%
Council has maintained the ratio at a consistent level for the past 4 years.	

Narromine Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio ¹							
Asset renewals ¹							
Depreciation, amortisation and impairment	225.70%	166.84%	0.00%	151.32%	0.00%	183.60%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.98%	2.15%	0.00%	1.83%	1.29%	1.51%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	60.75%	94.19%	104.03%	98.17%	88.82%	105.63%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.61%	1.65%	0.00%	0.98%	1.00%	1.00%	

(1) Excludes WIP

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.



Narromine Shire Council

Quarterly Budget Review

2022-2023

**First Quarter (Q1)
30 September 2022**



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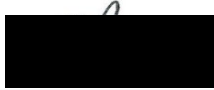
Report by responsible accounting officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2021:

30 September 2022

It is my opinion that the Quarterly Budget Review Statement for Narromine Shire Council for the quarter ended 30/09/22 indicates that Council's projected financial position at 30/6/23 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed:



date:

9/11/2022

Barry Bonthuys
Responsible accounting officer

Income & expenditure budget review statement

Budget review for the quarter ended 30 September 2022

Income & expenses - Council Consolidated

(\$000's)	Original budget 2022/23	Approved changes					Revised budget 2022/23	Variations for this Sep Qtr	Notes	Projected year end result
		Carry forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS				
Income										
Development and Environmental Services										
Building	-					-			-	
Fire Prevention & Emergency Services Planning	116					116			116	
Regulatory Services	-					-			-	
Manager Development & Environmental Services	-					-			-	
Environment & Health	-				-	-	-		-	
Engineering	131			6	-	137	6	9	137	
Water	-				-	-			-	
Roads Bridges Footpaths	45			281	-	326	481	2,4,5	326	
Engineering Management	3,046			30	-	3,076	30	8	3,076	
Parks & Reserves	71					71	-		71	
Sport & Recreation Facilities	-			14	-	14	14	11,12	14	
Mining	200				-	200	-		200	
Street Lighting	140					140			140	
Stormwater Drainage	49					49			49	
Aerodrome	-					-			-	
Quarry Operations	88					88			88	
Cemeteries	489					489			489	
Plant Operations	55				-	55			55	
Private Works	66					66			66	
Sewer	23					23			23	
Waste Management	-				-	-			-	
Buildings and Property	244			-	-	244	19		244	
CEO Office	109			3	-	112	3	6	112	
Governance	-					-			-	
Corporate Services	1					1			1	
IT Services	14					14			14	
Finance	6					6			6	
Human Resources	9,752			(591)		9,161	(500)	21	9,161	
Rates & Annual Charges	98					98			98	
Economic Development	11,758					11,758			11,758	
	-					-			-	

Libraries	80	-	-	-	80			80	
Saleyards	-				-			-	
Health Services	-				-			-	
Children Youth and Family Services	3				3			3	
Tourism and Events	5				5			5	
Business and Economic Development	-				-			-	
Community Services	110				110			110	
Total income from continuing operations	26,699	-	-	(257)	-	-	26,442	53	26,442
Expenses									
Development and Environmental Services	-				-			-	-
Building	-				-			-	-
Fire Prevention & Emergency Services Planning	525				525			525	525
Regulatory Services	2				2			2	2
Manager Development & Environmental Services	-				-			-	-
Environment & Health	-				-			-	-
Engineering	798	6			804	6	9	804	804
Depot Operations	-				-			-	-
Water	294				294			294	294
Roads Bridges Footpaths	1,990	407			2,397	407	2,4,5	2,397	2,397
Engineering Management	6,582	30			6,612	30	8	6,612	6,612
Parks & Reserves	1,173				1,173			1,173	1,173
Sport & Recreation Facilities	-	14			14	14	11,12	14	14
Mining	1,806				1,806			1,806	1,806
Street Lighting	61				61			61	61
Stormwater Drainage	170				170			170	170
Aerodrome	471				471			471	471
Quarry Operations	482				482	-		482	482
Cemeteries	339				339			339	339
Plant Operations	107				107			107	107
Private Works	903				903			903	903
Sewer	-				-			-	-
Waste Management	1,425				1,425			1,425	1,425
Buildings and Property	1,385				1,385			1,385	1,385
Governance	1,533	3			1,536	3	6	1,536	1,536
Records Management	869				869			869	869
CEO Office	-				-			-	-
Corporate Services	1,156				1,156	-		1,156	1,156
IT Services	17				17			17	17
Finance	540				540			540	540
Human Resources	369				369			369	369
Rates	840				840			840	840

Economic Development	468						468	-	468
Libraries	516						516		516
Saleyards	40						40		40
Health Services	-						-		-
Children Youth and Family Services	10						10		10
Tourism and Events	167						167		167
Business and Economic Development	200		-				200		200
Community Services	104		-				104		104
Total expenses from continuing operations	25,342	-	-	460	-	-	25,802	460	25,802
Net operating result before Grants and Contributions provided for Capital Purposes	1,357	-	-	(717)	-	-	640	(626)	640
Grants & Contributions provided for Capital purposes	10,651			219			10,870	219	10,870
Net operating result from continuing operations	12,008	-	-	(498)	-	-	11,510	(407)	11,510

Narromine Shire Council

Quarterly Budget Review Statement for the period 1 July 2022 to 30 September 2022

Income & expenses budget review statement Recommended changes to revised budget

Budget Variations being recommended include the following material items:

note	WO Description	Comments	Total
Revenue			
1	Narromine Reticulation Boosting System	Grant - Resources for Regions Rd 8	- 200,000
2	IWCM - Integrated Water Cycle Management Plan	State Grants - Operating Non-Recurrent	- 88,930
3	Return and Earn Facility	TOMRA Collection Australia Contribution	- 19,000
4	Narromine Water Security Options Study SSWP443	State Grants - Operating Non-Recurrent	- 108,364
5	Narromine Water Quality Options Study SSWP444	State Grants - Operating Non-Recurrent	- 84,128
6	Trangie Memorial Hall - Condition assessment and technical specification	Grant - Community War Memorial Grant	- 3,000
8	Pedestrian Access and Mobility Plan: Strategic Assessment	Grant - Get NSW Active Program 2022/23	- 30,150
9	LLS Landcare Riparian Restoration Project	State Grants - Operating Non-Recurrent	- 6,036
11	Narromine River Reserves Rehabilitation	Fish Habitat Action Grant	- 7,800
12	BCT Private Land Conservation Project	State Grants - Operating Non-Recurrent	- 6,000
21	Interest and Investment Revenue	Funded from Reserves	591,483
Revenue Total			38,075
Expenses			
2	IWCM - Integrated Water Cycle Management Plan	Funded from Reserves and State Grants Operating Non-Recurrent	146,800
4	Narromine Water Security Options Study SSWP443	Funded from Reserves and State Grants Operating Non-Recurrent	147,819
5	Narromine Water Quality Options Study SSWP444	Funded from Reserves and State Grants Operating Non-Recurrent	112,170
6	Trangie Memorial Hall - Condition assessment and technical specification	Grant - Community War Memorial Grant	3,000
8	Pedestrian Access and Mobility Plan: Strategic Assessment	Grant - Get NSW Active Program 2022/23	30,150
9	LLS Landcare Riparian Restoration Project	State Grants - Operating Non-Recurrent	6,036
11	Narromine River Reserves Rehabilitation	Fish Habitat Action Grant	7,800
12	BCT Private Land Conservation Project	State Grants - Operating Non-Recurrent	6,000
14	Alliance of Western Councils - Membership Fees	Membership Fees	5,000
14	Alliance of Western Councils - Narromine Shire Council Costs	Alliance of Western Councils - Narromine Shire Council Costs	5,000
14	Contingency Budget	Alliance of Western Councils - Membership Fees and NSC Costs	- 10,000
Expenses Total			459,775

Narromine Shire Council

Quarterly Budget Review Statement for the period 1 July 2022 to 30 September 2022

Capital expenditure budget review statement Recommended changes to revised budget

Budget variations being recommended include the following material items:

Note	Description	Comments	Total
	New		
1	Narromine Reticulation Boosting System	Grant - Resources for Regions Rd 8	491,068
3	Return and Earn Facility	Funded from Reserves and TOMRA Collection Australia Contribution	39,000
7	Lot 3 Hangar Development	Funded from Reserves	75,000
7	Lot 19 Hangar Development	Funded from Reserves	75,000
10	Fujitsi iArchive Software	Funded from Reserves	20,000
13	Subdivision and Development of Derribong Street	Funded from Reserves	293,700
Total - New Assets			993,768
	Renew		
15	Tomingley Dicken Park Picnic Table Replacement	Funded from Reserves	6,887
15	Rotary Park Fencing Replacement	Funded from Reserves	-
15	Tomingley Dicken Park Signage Upgrade	Funded from Reserves	1,382
16	Olsen Park Narromine Replacement Cricket Pitch Turf	Funded from Reserves	7,370
16	Rotary Park Fencing Replacement	Funded from Reserves	-
17	LED Lighting Upgrade - Various Council Buildings	Funded from Reserves	8,800
17	Store Office Upgrade	Funded from Reserves	-
18	Narromine Sewer Pumpstation 8 Upgrade	Funded from Reserves	100,280
18	Trangie Pumpstation 3 Upgrade	Funded from Reserves	-
19	Sewer SPS2 Pipework Renewal for Concertor	Funded from Reserves	8,011
19	Narromine Pipe Replacement Program	Funded from Reserves	-
20	Trangie Kerb & Gutter Replacement Dandaloo Street	Funded from Reserves	49,515
20	Trangie Kerb & Gutter Capital Replacements	Funded from Reserves	-
Total - Asset Renewals			-
Total Asset Expenditure			993,768

Narromine Shire Council

Quarterly Budget Review Statement for the period 1 July 2022 to 30 September 2022

Capital budget review statement

Budget review for the quarter ended 30 September 2022

Capital budget - Council Consolidated

(\$000's)	Original budget 2022/23	Approved changes					Revised budget 2022/23	Variations for this Sep Qtr	Notes	Projected year end result	Actual YTD figures
		Carry forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs					
Capital expenditure											
New assets											
- Land & buildings	3,291	536		444			4,271	444	7,13	4,271	
Renewal assets (replacement)											
- Plant & equipment	1,020	-					1,020	-		1,020	
- Land & buildings	-	57		-			57			57	
- Aerodrome	-	517		-			517			517	
- Roads, bridges, footpaths	8,751	3,222		-			11,973	-		11,973	
- Parks & Reserves	359	307		-			666	-		666	
- Public Amenities	-	285		-			285	-		285	
- Sporting facilities	722	1,474		-			2,196	-		2,196	
- Cemeteries	13	30					43			43	
- Stormwater Management	1,864	504					2,368	-		2,368	
- Sewer	983	667					1,650	-		1,650	
- Waste	194			39			233	39	3	233	
- Information Technology	347	207		20			574	20	10	574	
Water	1,125	455		491			2,071	491	1	2,071	
Other expenditure	200						200			200	
Total capital expenditure	18,869	8,261	-	994	-	-	28,124	994		28,124	-
Capital funding											
Rates & other untied funding	4,451			40			4,491	40		4,491	
Capital grants & contributions	8,539	2,112		219			10,870	219		10,870	
Reserves:											
- External restrictions/reserves	1,707	3,325		291			5,323	291		5,323	
- Internal restrictions/reserves		2,824		-			2,824	-		2,824	
New loans	1,100						1,100			1,100	
Receipts from sale of assets											
- Plant & equipment	367						367			367	
- Land & buildings	2,705			444			3,149	444		3,149	
Total capital funding	18,869	8,261	-	994	-	-	28,124	994		28,124	-
Net capital funding - surplus/(deficit)	-	-	-	-	-	-	-	-		-	-

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 30/09/22 and should be read in conjunction with the total QBRs report.

Reports to Council Finance & Corporate Strategy

Narromine Shire Council

Quarterly Budget Review Statement for the period 1 July 2022 to 30 September 2022

Cash & investments budget review statement

Budget review for the quarter ended 30 September 2022

(\$000's)	Original budget 2022/23	Approved changes					Revised budget 2022/23	Variations for this Sep Qtr	Notes	Projected year end result	Actual YTD figures
		Carry forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs					
Externally restricted											
Developers Contributions - Section 7.12 [S94]	135		107			242			242		
Developers Contributions - Section 7.11	2		2			4			4		
Grants	2,762		565	(291)		3,036	-		3,036		
Street Lighting (Unexpended loans)	5		-			5			5		
Domestic Waste Management	300		59			359			359		
Remediation Plan - Amortisation accumulated	541		-			541			541		
OROC Surplus Operating Funds	30		-			30			30		
NSRAC	113		14			127			127		
NSRAC - Bonds	3		(1)			2			2		
TSRAC	-		14			14			14		
TSRAC - Bonds	6		(1)			5			5		
Water Funds	1,606		(451)		-	1,155	-		1,155		
Water Funds - s64 Contributions	215		-			215			215		
Water Fund Capital Carryover	495		(495)			-			-		
Sewerage Funds	7,631		(624)		-	7,007	-		7,007		
Sewerage Funds - s64 Contributions	178					178			178		
Total externally restricted	14,022	-	(811)	(291)	-	12,920	-		12,920	-	
Funds that must be spent for a specific purpose											
Internally restricted											
Executive Services											
Election Expenses	66		(20)			46			46		
Financial Management											
Employee Leave Entitlements	555		(11)			544			544		
Capital Works Carried Forward	1,926		898			2,824			2,824		
WHS Bonus	133		-		-	133			133		
FAGS Adv	2,382		1,378			3,760			3,760		
Environment											
Wetlands Development	46		(42)			4			4		
Youth Services											
Youth Education Activities (Mac 2100 Grant)	18		-			18			18		
Cultural Development											
Trangie Local History Group	1		-			1			1		
Operational Support											

Quarries	327	(256)	71	71
Stormwater - Levee Bank	2	-	2	2
Aerodrome				
Aerodrome Development	2	-	2	2
Mining				
Alkane - Community Contributions	185	20	205	205
Alkane - Environmental Monitoring	138	23	161	161
Alkane - Roads Contribution	4	53	57	57
Parks, Playing Fields				
Street Tree Irrigation Program	7	(7)	-	-
Total internally restricted	5,792	- 2,036	7,828	7,828
Funds that Council has earmarked for a specific purpose				
Total restricted	19,814		20,748	20,748
Total Cash & Investments	22,765		23,093	23,093
Total Unrestricted Cash	2,951		2,345	2,345

Consultancy & legal expenses budget review statement

Consultancy & legal expenses overview

Expense	YTD expenditure (actual dollars)	Budgeted (Y/N)
Consultancies	235,889	Y
Legal Fees	1,234	Y

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

Comments

Expenditure included in the above YTD figure but not budgeted includes:

Details
