

Warrumbungle Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022



Warrumbungle Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



Warrumbungle Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

14-22 John Street
Coonabarabran NSW 2357

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.warrumbungle.nsw.gov.au.

Warrumbungle 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.

Warrumbungle 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 20 October 2022.

Ambrose Doolan
Mayor
20 October 2022

Councillor
20 October 2022

Roger Bailey
General Manager
20 October 2022

Lindsay Mason
Responsible Accounting Officer
20 October 2022

Warrumbungle Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Restated Actual 2021 ¹
Income from continuing operations				
14,642	Rates and annual charges	B2-1	14,722	14,133
5,248	User charges and fees	B2-2	6,411	5,353
1,176	Other revenues	B2-3	2,895	1,517
15,278	Grants and contributions provided for operating purposes	B2-4	18,080	18,230
9,417	Grants and contributions provided for capital purposes	B2-4	9,499	8,257
225	Interest and investment income	B2-5	267	198
–	Other income		46	11
803	Net gain from the disposal of assets	B4-1	412	795
46,789	Total income from continuing operations		52,332	48,494
Expenses from continuing operations				
15,733	Employee benefits and on-costs	B3-1	14,086	14,097
6,568	Materials and services	B3-2	13,181	10,022
104	Borrowing costs	B3-3	120	182
13,037	Depreciation, amortisation and impairment of non-financial assets	B3-4	10,990	11,412
5,450	Other expenses	B3-5	1,410	2,543
600	Net loss from the disposal of assets	B4-1	–	–
41,492	Total expenses from continuing operations		39,787	38,256
5,297	Operating result from continuing operations		12,545	10,238
5,297	Net operating result for the year attributable to Council		12,545	10,238
(4,120)	Net operating result for the year before grants and contributions provided for capital purposes		3,046	1,981

(1) Restated - see Note G4-1

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

Warrumbungle Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	Restated 2021 ¹
Net operating result for the year – from Income Statement		12,545	10,238
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>40,246</u>	<u>4,173</u>
Total items which will not be reclassified subsequently to the operating result		40,246	4,173
Total other comprehensive income for the year		40,246	4,173
Total comprehensive income for the year attributable to Council		52,791	14,411

(1) Restated - see Note G4-1

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

Warrumbungle Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021 ¹	Restated 1 July 2020 ¹
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	4,078	5,350	6,859
Investments	C1-2	23,000	16,537	11,500
Receivables	C1-4	4,233	4,764	3,766
Inventories	C1-5	572	568	725
Contract assets	C1-6	3,632	2,459	1,645
Non-Current assets classified as 'held for sale'		–	–	142
Other	C1-9	1,037	–	53
Total current assets		36,552	29,678	24,690
Non-current assets				
Investments	C1-2	1,000	–	–
Inventories	C1-5	299	299	299
Infrastructure, property, plant and equipment (IPPE)	C1-7	597,714	551,357	542,211
Intangible assets	C1-8	92	80	29
Right of use assets	C2-1	274	197	246
Investments accounted for using the equity method	D2-1	501	455	444
Total non-current assets		599,880	552,388	543,229
Total assets		636,432	582,066	567,919
LIABILITIES				
Current liabilities				
Payables	C3-1	1,917	2,472	2,025
Contract liabilities	C3-2	3,071	1,459	1,265
Lease liabilities	C2-1	89	47	45
Borrowings	C3-3	904	1,010	966
Employee benefit provisions	C3-4	3,843	4,676	4,647
Provisions	C3-5	500	500	–
Total current liabilities		10,324	10,164	8,948
Non-current liabilities				
Lease liabilities	C2-1	250	176	223
Borrowings	C3-3	1,021	1,925	2,931
Provisions	C3-5	4,920	2,675	3,102
Total non-current liabilities		6,191	4,776	6,256
Total liabilities		16,515	14,940	15,204
Net assets		619,917	567,126	552,715
EQUITY				
Accumulated surplus	C4-1	437,162	424,617	414,379
IPPE revaluation reserve	C4-1	182,755	142,509	138,336
Council equity interest		619,917	567,126	552,715
Total equity		619,917	567,126	552,715

(1) Restated - see Note G4-1

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

Warrumbungle Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus Restated	IPPE revaluation reserve Restated	Total equity Restated
\$ '000							
Opening balance at 1 July		432,289	142,509	574,798	422,485	138,336	560,821
Correction of prior period errors	G4-1	(7,672)	–	(7,672)	(8,106)	–	(8,106)
Restated opening balance		424,617	142,509	567,126	414,379	138,336	552,715
Net operating result for the year		12,545	–	12,545	9,804	–	9,804
Correction of prior period errors	G4-1	–	–	–	434	–	434
Restated net operating result for the period		12,545	–	12,545	10,238	–	10,238
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment		–	40,246	40,246	–	4,173	4,173
Other comprehensive income		–	40,246	40,246	–	4,173	4,173
Total comprehensive income		12,545	40,246	52,791	10,238	4,173	14,411
Closing balance at 30 June		437,162	182,755	619,917	424,617	142,509	567,126

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

Warrumbungle 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>				
14,642	Rates and annual charges		15,080	13,409
5,248	User charges and fees		6,354	5,828
225	Interest received		140	228
24,695	Grants and contributions		28,018	25,867
–	Bonds, deposits and retentions received		–	7
1,176	Other		3,252	694
<i>Payments:</i>				
(15,733)	Payments to employees		(14,938)	(14,019)
(6,568)	Payments for materials and services		(15,484)	(9,785)
(104)	Borrowing costs		(113)	(190)
–	Bonds, deposits and retentions refunded		(21)	–
(5,450)	Other		(139)	(2,054)
18,131	Net cash flows from operating activities	G1-1	22,149	19,985
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of real estate assets		–	293
803	Proceeds from sale of IPPE		1,197	932
<i>Payments:</i>				
–	Acquisition of term deposits		(7,463)	(5,037)
(18,039)	Payments for IPPE		(16,055)	(16,611)
–	Purchase of intangible assets		(38)	(64)
(17,236)	Net cash flows from investing activities		(22,359)	(20,487)
Cash flows from financing activities				
<i>Payments:</i>				
(831)	Repayment of borrowings		(1,010)	(962)
(49)	Principal component of lease payments		(52)	(45)
(880)	Net cash flows from financing activities		(1,062)	(1,007)
15	Net change in cash and cash equivalents		(1,272)	(1,509)
–	Cash and cash equivalents at beginning of year		5,350	6,859
15	Cash and cash equivalents at end of year	C1-1	4,078	5,350
11,265	plus: Investments on hand at end of year	C1-2	24,000	16,537
11,280	Total cash, cash equivalents and investments		28,078	21,887

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

Warrumbungle 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 20 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, 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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note B5-1 – Material budget variations

and are clearly marked.

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Council did not identify any potential material adjustments required to be done as a result of the pandemic. Even though the pandemic had a widespread effect slowing down economies around the world, as at 30 June 2022 it is hard to predict any significant future implications on Council's business.

Domestic and international situation

Widespread volatility caused by international and domestic events in 2022 (war in Ukraine, natural disasters in NSW and nationwide, etc.) has significantly impacted supply chains, labour costs and inflation. With continuing changes in material costs, labour shortages and supply issues there has been a significant increases in amount of discussion and data regarding changes in construction costs. Commodity prices including key construction materials have seen significant increases over the last 2 years. Management is paying close attention to the ongoing developments on the international and domestic markets and its impact on the financial results and position of the council. As a result of assessment done, council has performed indexation of its infrastructure assets to ensure their carrying amount is not materially different to fair value as at 30 June 2022 (see Note C1-7).

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.

A1-1 Basis of preparation (continued)

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

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

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and 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.

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

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

- General purpose operations
- Warrumbungle Water Fund
- Warrumbungle Sewerage Fund
- Warrumbungle Quarry

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council uses volunteers in the following services:

- Visitors Information Centre
- Community care including drivers for meals of Wheels delivery, drivers for health related transport from all our local towns to Tamworth or Dubbo; volunteers assisting with specific activities e.g. Community EXPO, volunteers to act in a carer capacity for frail or clients with disability to attend appointments etc.

The volunteer numbers are small and the hours for each are minor in nature.

As these instances are limited and minor, Council does not include values in the Annual Statements.

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

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

Standard AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

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

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

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

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

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making, and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

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

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

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

This Standard amends a number of standards as follows:

AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;

AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;

AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;

A1-1 Basis of preparation (continued)

AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and

AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Above amendments might result in reductions in quantum of accounting policies disclosures to focus on key decision areas and material policies only. Council does not expect any material impact on reported financial performance or position.

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

Apart from the standards listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

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

New accounting standards adopted during the year

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

None of the newly adopted standards had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021 ¹ Restated	2022	2021 ¹ Restated	2022	2021 ¹ Restated	2022	2021 ¹ Restated	2022	2021 ¹ Restated
Functions or activities										
General Revenue	20,490	15,933	–	–	20,490	15,933	11,584	8,262	1,819	210
Executive	256	461	2,492	4,021	(2,236)	(3,560)	240	116	–	1,279
Technical Services	15,230	18,830	18,883	15,598	(3,653)	3,232	10,474	13,872	478,726	466,719
Development Services	418	610	2,821	1,850	(2,403)	(1,240)	135	603	50,453	12,458
Corporate and Community Services	4,037	3,678	6,840	7,884	(2,803)	(4,206)	1,992	2,321	26,036	21,303
Warrumbungle Water	6,409	3,701	4,319	4,053	2,090	(352)	2,248	879	48,848	44,103
Warrumbungle Sewer	2,898	2,028	1,883	1,865	1,015	163	906	375	26,761	23,099
Warrumbungle Waste	2,586	3,027	2,418	2,542	168	485	–	59	417	12,895
Warrumbungle Quarry	8	226	131	443	(123)	(217)	–	–	3,372	–
Total functions and activities	52,332	48,494	39,787	38,256	12,545	10,238	27,579	26,487	636,432	582,066

(1) Restated - see Note G4-1

B1-2 Components of functions or activities

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

General Revenue

Includes rates revenue, interest revenue and general grants.

General Manager

Includes management and leadership, governance, Cobbora Transition Fund, human resource management, payroll services, WH&S and risk management and learning and development services.

Technical Services

Includes technical services management, design services, road operations, fleet services and urban services.

Development Services

Includes development services management, regulatory services, property and risk and development and tourism.

Corporate and Community Services

Includes corporate services, community agencies, bushfire and emergency services, children's and community services.

Warrumbungle Water

The core function of Warrumbungle Water is the provision of water supply to connected properties in each town within the Shire.

Warrumbungle Sewer

The core function of Warrumbungle Sewer is the collection and treatment of sewage effluent from connected properties in Baradine, Coolah, Coonabarabran and Dunedoo.

Warrumbungle Waste

Warrumbungle Waste provides waste services throughout the Warrumbungle Shire as a business arm of Council. The waste services are provided to residential and non-residential customers for both general waste and recycling.

Warrumbungle Quarry

Council has entered into a lease agreement with Boral to operate the basalt quarry south of Coonabarabran. The purpose of the operation is to produce aggregates for bitumen sealing and concrete production on a commercial basis.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	2,426	2,294
Farmland	5,496	5,345
Business	630	611
Less: pensioner rebates (mandatory)	(154)	(155)
Rates levied to ratepayers	8,398	8,095
Pensioner rate subsidies received	86	85
Total ordinary rates	8,484	8,180
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	1,792	1,775
Water supply services	2,255	1,972
Sewerage services	1,830	1,801
Waste management services (non-domestic)	350	393
Less: pensioner rebates (mandatory)	(227)	(227)
Liquid trade waste	9	9
Stormwater levy	104	105
Annual charges levied	6,113	5,828
Pensioner subsidies received:		
– Water	38	38
– Sewerage	28	28
– Domestic waste management	59	59
Total annual charges	6,238	5,953
Total rates and annual charges	14,722	14,133

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	1,840	1,723
Sewerage services	1	105	110
Liquid trade waste	1	67	67
Total specific user charges		2,012	1,900
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	38	75
Private works – section 67	2	96	115
Registration fees	2	78	5
Regulatory fees	2	27	72
Section 10.7 certificates (EP&A Act)	2	42	43
Section 603 certificates	2	35	29
Planning regulation	2	30	66
Total fees and charges – statutory/regulatory		346	405
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aged care	1	405	474
Cemeteries	2	105	83
Child care	1	977	538
Lease rentals	1	16	5
Leaseback fees – Council vehicles	1	52	53
Quarry revenues	2	8	226
Transport for NSW works (state roads not controlled by Council)	1	2,188	1,376
Swimming centres	2	86	99
Tourism	2	135	120
Waste disposal tipping fees	2	48	43
Other	2	33	31
Total fees and charges – other		4,053	3,048
Total other user charges and fees		4,399	3,453
Total user charges and fees		6,411	5,353
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		5,650	4,346
User charges and fees recognised at a point in time (2)		761	1,007
Total user charges and fees		6,411	5,353

Accounting policy

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

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

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

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Rental income – other council properties	1	138	138
Legal fees recovery – rates and charges (extra charges)	2	163	94
Commissions and agency fees	2	201	200
Diesel rebate	2	158	151
Insurance claims recoveries	2	1,562	23
Recycling income (non-domestic)	2	42	400
Container deposit Scheme	2	356	403
Other	2	275	108
Total other revenue		2,895	1,517

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	138	138
Other revenue recognised at a point in time (2)	2,757	1,379
Total other revenue	2,895	1,517

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021 ¹ Restated
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,602	2,384	–	–
Financial assistance – local roads component	2	1,351	1,231	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,994	2,550	–	–
Financial assistance – local roads component	2	2,084	1,322	–	–
Amount recognised as income during current year		10,031	7,487	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Aged care	1	805	811	–	–
Bushfire and emergency services	2	1,053	1,276	–	–
Child care	2	714	1,057	–	–
Economic development	2	183	125	–	–
Employment and training programs	2	200	47	–	–
Heritage and cultural	2	10	12	–	–
Library	2	89	88	–	–
LIRS subsidy	2	54	74	–	–
Recreation and culture	2	480	636	–	–
Transport (other roads and bridges funding)	1	–	735	4,416	6,110
Transport (roads to recovery)	2	1,582	2,330	–	–
Other specific grants ²	2	27	676	416	2,093
Transport for NSW contributions (regional roads, block grant)	2	2,852	2,876	–	–
Sewerage (excl. section 64 contributions)	1	–	–	735	–
Water supplies (excl. section 64 contributions)	1	–	–	2,336	–
LRCI - Round 3	1	–	–	1,553	–
Total special purpose grants and non-developer contributions – cash		8,049	10,743	9,456	8,203
Total special purpose grants and non-developer contributions (tied)		8,049	10,743	9,456	8,203
Total grants and non-developer contributions		18,080	18,230	9,456	8,203
Comprising:					
– Commonwealth funding		12,597	10,027	4,995	6,779
– State funding		5,483	5,327	3,901	1,403
– Other funding		–	2,876	560	21
		18,080	18,230	9,456	8,203

(1) Restated - see Note G4-1

(2) 2021 other specific capital grants includes \$1,595 thousand of grants reclassified from other untied grants.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021 ¹ Restated
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	2	–	–	43	54
Total developer contributions		–	–	43	54
Total contributions		–	–	43	54
Total grants and contributions		18,080	18,230	9,499	8,257
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		805	–	9,176	910
Grants and contributions recognised at a point in time (2)		17,275	18,230	323	7,347
Total grants and contributions		18,080	18,230	9,499	8,257

(1) Restated - see Note G4-1

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	1,981	2,145	–	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,750	1,981	713	–
Add: Funds received and not recognised as revenue in the current year	–	–	3,071	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,981)	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(2,145)	–	–
Unexpended and held as externally restricted assets (grants)	2,750	1,981	3,784	–
Contributions				
Unspent funds at 1 July	–	–	389	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	11	–
Add: contributions received and not recognised as revenue in the current year	–	–	–	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Unspent contributions at 30 June	–	–	400	–

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. 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

B2-4 Grants and contributions (continued)

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	154	84
– Cash and investments	113	114
Total interest and investment income (losses)	267	198

Accounting policy

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	10,855	11,389
Employee leave entitlements (ELE)	2,155	2,729
Superannuation	1,298	1,303
Workers' compensation insurance	878	753
Fringe benefit tax (FBT)	15	7
Protective clothing	83	86
Total employee costs	15,284	16,267
Less: capitalised costs	(1,198)	(2,170)
Total employee costs expensed	14,086	14,097
Number of 'full-time equivalent' employees (FTE) at year end	172	175
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	199	200

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2022	2021 ¹ Restated
Raw materials and consumables		7,763	5,417
Contractor and consultancy costs		15,976	12,605
Audit Fees	F2-1	67	58
Councillor and Mayoral fees and associated expenses	F1-2	137	149
Advertising		108	95
Bank charges		78	58
Electricity and heating		509	596
Insurance		907	887
Postage		39	43
Printing and stationery		139	138
Street lighting		65	116
Subscriptions and publications		102	142
Telephone and communications		176	128
Valuation fees		50	49
Conferences		23	27
Registration and licences		562	570
Training Costs		138	139
Other expenses		91	120
Legal expenses:			
– Legal expenses: debt recovery		305	19
– Legal expenses: other		476	598
– Operating lease rentals: minimum lease payments		3	–
Other		363	420
Total materials and services		28,077	22,374
Less: capitalised costs		(14,896)	(12,352)
Total materials and services		13,181	10,022

Accounting policy

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

(1) Restated - see Note G4-1

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on leases		9	10
Interest on loans		70	145
Total interest bearing liability costs		79	155
Total interest bearing liability costs expensed		79	155
(ii) Other borrowing costs			
Amortisation of discounts and premiums			
– Remediation liabilities	C3-5	41	27
Total other borrowing costs		41	27
Total borrowing costs expensed		120	182

Accounting policy

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

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

\$ '000	Notes	2022	2021 ¹ Restated
Depreciation and amortisation			
Plant and equipment		2,042	2,033
Office equipment		108	54
Furniture and fittings		5	29
Land improvements (depreciable)		66	54
Infrastructure:	C1-7		
– Buildings – non-specialised		318	462
– Buildings – specialised		781	1,268
– Other structures		800	737
– Roads		3,804	3,757
– Bridges		730	696
– Footpaths		148	144
– Stormwater drainage		115	113
– Water supply network		1,306	1,318
– Sewerage network		567	579
Right of use assets	C2-1	91	49
Reinstatement, rehabilitation and restoration assets:			
– Quarry assets	C3-5,C1-7	83	106
Intangible assets	C1-8	26	13
Total depreciation and amortisation costs		10,990	11,412
Total depreciation, amortisation and impairment for non-financial assets		10,990	11,412

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

(1) Restated - see Note G4-1

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other ¹		–	18
Total impairment of receivables	C1-4	–	18
Other			
Contributions/levies to other levels of government			
– Noxious weeds		113	111
– NSW fire brigade levy		52	166
– NSW rural fire service levy		518	1,048
Donations, contributions and assistance to other organisations (Section 356)		180	206
– Regional library contributions		547	494
Legal cases provisions ¹		–	500
Total other expenses		1,410	2,543

Accounting policy

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

Impairment expenses are recognised when identified.

(1) Expense for provision on Three Rivers Retirement Community Project in amount of \$500 thousand was reclassified from impairment of receivables to legal cases provisions in 2021 financial year.

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			
Proceeds from disposal – plant and equipment	C1-7	1,197	932
Less: carrying amount of plant and equipment assets sold/written off		(141)	(430)
Gain (or loss) on disposal		1,056	502
Gain (or loss) on disposal of infrastructure			
Less: carrying amount of infrastructure assets sold/written off	C1-7	(644)	–
Gain (or loss) on disposal		(644)	–
Gain (or loss) on disposal of real estate assets held for sale			
Proceeds from disposal – real estate assets	C1-5	–	293
Gain (or loss) on disposal		–	293
Net gain (or loss) from disposal of assets		412	795

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement. 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 20/05/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Revenues					
Rates and annual charges	14,642	14,722	80	1%	F
User charges and fees Mostly due to an increase in Transport for NSW works.	5,248	6,411	1,163	22%	F
Other revenues Mostly due to unbudgeted insurance claim receipts for damaged properties as a result of hail storm Coolah and Dunedoo in October 2021.	1,176	2,895	1,719	146%	F
Operating grants and contributions Mostly due to increased amount (70%) of 2023 FAG grants received in advance in 2022 financial year.	15,278	18,080	2,802	18%	F
Capital grants and contributions	9,417	9,499	82	1%	F
Interest and investment revenue Mostly due to higher interest rates.	225	267	42	19%	F
Net gains from disposal of assets Mostly due to unexpected write-off of non-depreciated components of renewed assets in 2022 financial year.	803	412	(391)	(49)%	U
Other income This is the effect of recognition of council's share in the net increase in net assets of the Macquarie library. Council does not budget for this.	-	46	46	∞	F

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Expenses					
Employee benefits and on-costs	15,733	14,086	1,647	10%	F
Mostly due to staff vacancies over the year.					
Materials and services	6,568	13,181	(6,613)	(101)%	U
Mostly due to increased expenses on repair of road assets as a result of November 2021 and February 2022 flood events.					
Borrowing costs	104	120	(16)	(15)%	U
Mostly due to increased interest rates for loans.					
Depreciation, amortisation and impairment of non-financial assets	13,037	10,990	2,047	16%	F
Lower than budgeted depreciation was partially a result of derecognition of RFS assets from council's books. More details in Note G4-1.					
Other expenses	5,450	1,410	4,040	74%	F
Mostly due to reduction in levies due to external levels of government.					
Net losses from disposal of assets	600	-	600	100%	F
Council actually got net gain.					
Statement of cash flows					
Cash flows from operating activities	18,131	22,149	4,018	22%	F
Mostly due to higher level of FAG grants than was budgeted. Council received 70% of 2023 FAG grants in advance in 2022 financial year.					
Cash flows from investing activities	(17,236)	(22,359)	(5,123)	30%	U
Mostly due to the purchase of new term deposits.					
Cash flows from financing activities	(880)	(1,062)	(182)	21%	U
Mostly due to the repayment in full of internal loan for sewer.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	1,548	1,968
Deposits at call	2,530	3,382
Total cash and cash equivalents	4,078	5,350

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	4,078	5,350
Balance as per the Statement of Cash Flows	4,078	5,350

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				
Long term deposits	23,000	1,000	16,537	–
Total	23,000	1,000	16,537	–
Total financial investments	23,000	1,000	16,537	–
Total cash assets, cash equivalents and investments	27,078	1,000	21,887	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

As at 30 June 2022, Council did not have any investments at FVTPL or FVOCI-equity recognised.

C1-2 Financial investments (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	28,078	21,887
External restrictions	<u>(13,308)</u>	<u>(7,735)</u>
Cash, cash equivalents and investments not subject to external restrictions	14,770	14,152
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Trust	678	700
Specific purpose unexpended grants – general fund	<u>3,071</u>	<u>1,480</u>
External restrictions – included in liabilities	3,749	2,180
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	268	255
Developer contributions – water fund	101	102
Developer contributions – sewer fund	31	32
Specific purpose unexpended grants (recognised as revenue) – general fund	3,463	501
Water fund	730	88
Sewer fund	4,430	4,089
Domestic waste management	449	476
Stormwater levy	<u>87</u>	<u>12</u>
External restrictions – other	9,559	5,555
Total external restrictions	13,308	7,735

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	14,770	14,152
Internal restrictions	<u>(11,833)</u>	<u>(10,092)</u>
Unrestricted and unallocated cash, cash equivalents and investments	2,937	4,060
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement (fleet fund)	1,950	2,225
Employees leave entitlement	1,153	1,403
Carry over works (excl fleet carry overs)	1,320	1,630
Next year FAG paid in advance in current year	6,078	3,872
Information technology (Software upgrade/telephone system)	348	7
Quarry remediation fund	984	535
Other	–	420
Total internal allocations	11,833	10,092

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or

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

policy of the elected Council.

\$ '000	2022	2021
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	2,937	4,060

C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Rates and annual charges ¹	1,328	–	1,686	–
Interest and extra charges	371	–	287	–
User charges and fees ¹	1,275	–	1,218	–
Interest on investments	76	–	33	–
Other income accruals	–	–	950	–
Net GST receivable ²	128	–	474	–
General debtors	1,720	–	781	–
Bonds & Deposits	2	–	2	–
Total	4,900	–	5,431	–
Less: provision for impairment				
Other debtors ³	(667)	–	(667)	–
Total provision for impairment – receivables	(667)	–	(667)	–
Total net receivables	4,233	–	4,764	–

(1) \$660 thousand of user charges receivables was reclassified from rates receivables in 2021

(2) 2021 balance of GST receivable in amount of \$474 thousand was reclassified from payables (see Note C3-1)

(3) Provision for impairment for rates and annual charges in 2021 was reclassified to other debtors as council's rates debts are secured by owners' properties.

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	667	653
+ new provisions recognised during the year	–	13
Balance at the end of the year	667	666

Accounting policy

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

Impairment

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

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

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

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

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 60 days past due.

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

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

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

C1-4 Receivables (continued)

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale	–	299	–	299
Stores and materials	572	–	534	–
Loose tools	–	–	34	–
Total inventories at cost	572	299	568	299
Total inventories	572	299	568	299

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Contract assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	3,632	–	2,459	–
Total contract assets	3,632	–	2,459	–

Contract assets

Grant Contract Asset	2,874	–	2,459	–
Accrued Income	758	–	–	–
Total contract assets	3,632	–	2,459	–

Significant changes in contract assets

Increase was largely caused by the accrual of income for works done under Building Better Region Program for construction of amenities building in Robertson Oval. Contract asset recognised for this project was \$1,081 thousand as at 30 June 2022.

C1-6 Contract assets (continued)

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.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021 ²			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	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	10,319	–	10,319	7,626	8,443	–	–	(15,896)	(502)	–	9,989	–	9,989
Plant and equipment	29,127	(18,258)	10,869	–	–	(141)	(2,042)	2,629	–	–	30,074	(18,759)	11,315
Office equipment	2,192	(1,736)	456	–	–	–	(108)	–	–	–	2,192	(1,844)	348
Furniture and fittings	737	(730)	7	–	–	–	(5)	–	–	–	737	(735)	2
Land:													
– Operational land	6,015	–	6,015	–	–	–	–	–	–	690	6,705	–	6,705
– Community land	1,904	–	1,904	–	–	–	–	–	–	129	2,034	–	2,034
Land improvements – depreciable	2,224	(509)	1,715	–	–	–	(66)	–	–	105	2,365	(612)	1,753
Infrastructure:													
– Buildings – non-specialised	22,974	(14,703)	8,271	–	–	(277)	(318)	805	–	912	25,743	(16,350)	9,393
– Buildings – specialised	54,185	(35,142)	19,043	–	–	(127)	(781)	908	–	2,094	60,903	(39,767)	21,136
– Other structures	28,650	(9,999)	18,651	–	–	(14)	(800)	1,567	–	1,132	31,982	(11,446)	20,536
– Roads	260,170	(58,114)	202,056	–	–	(14)	(3,804)	8,266	–	15,000	288,040	(66,536)	221,504
– Bridges	74,124	(19,383)	54,741	–	–	–	(730)	34	–	4,086	79,766	(21,635)	58,131
– Footpaths	9,540	(4,144)	5,396	–	–	(7)	(148)	243	–	397	10,476	(4,595)	5,881
– Bulk earthworks (non-depreciable)	149,002	–	149,002	–	–	–	–	–	–	11,273	160,276	–	160,276
– Stormwater drainage	9,029	(3,949)	5,080	–	–	–	(115)	26	–	233	9,479	(4,255)	5,224
– Water supply network	76,433	(36,386)	40,047	–	–	(206)	(1,306)	895	–	2,107	72,108	(30,572)	41,536
– Sewerage network	35,046	(18,512)	16,534	–	–	–	(567)	523	–	2,088	34,993	(16,414)	18,579
Other assets:													
– Other	91	(91)	–	–	–	–	–	–	–	–	91	(91)	–
Reinstatement, rehabilitation and restoration assets (refer Note E2-1):													
– Quarry assets	1,982	(731)	1,251	–	–	–	(83)	–	2,204	–	4,186	(814)	3,372
Total infrastructure, property, plant and equipment	773,744	(222,387)	551,357	7,626	8,443	(786)	(10,873)	–	1,702	40,246	832,139	(234,425)	597,714

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

(2) Restated - see Note G4-1

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

By aggregated asset class	At 1 July 2020 ²			Asset movements during the reporting period							At 30 June 2021 ³		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets ² Restated	Carrying value of disposals	Depreciation expense ² Restated	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '000													
Capital work in progress	7,450	–	7,450	4,243	2,353	–	–	(3,700)	(27)	–	10,319	–	10,319
Plant and equipment	28,015	(17,541)	10,474	2,854	–	(429)	(2,033)	2	–	–	29,127	(18,258)	10,869
Office equipment	1,910	(1,682)	228	282	–	–	(54)	–	–	–	2,192	(1,736)	456
Furniture and fittings	737	(701)	36	–	–	–	(29)	–	–	–	737	(730)	7
Land:													
– Operational land	6,015	–	6,015	–	–	–	–	–	–	–	6,015	–	6,015
– Community land	1,429	–	1,429	–	–	–	–	–	–	475	1,904	–	1,904
Land improvements – depreciable	2,071	(455)	1,616	–	21	–	(54)	–	–	132	2,224	(509)	1,715
Infrastructure:													
– Buildings – non-specialised	22,301	(14,240)	8,061	61	247	–	(462)	365	–	–	22,974	(14,703)	8,271
– Buildings – specialised	54,153	(33,875)	20,278	32	–	–	(1,268)	–	–	–	54,185	(35,142)	19,043
– Other structures	25,266	(9,567)	15,699	272	271	–	(737)	65	–	3,081	28,650	(9,999)	18,651
– Roads	255,242	(54,357)	200,885	3,664	61	–	(3,757)	1,203	–	–	260,170	(58,114)	202,056
– Bridges	70,831	(18,686)	52,145	724	916	–	(696)	1,652	–	–	74,124	(19,383)	54,741
– Footpaths	9,233	(4,000)	5,233	75	232	–	(144)	–	–	–	9,540	(4,144)	5,396
– Bulk earthworks (non-depreciable)	149,002	–	149,002	–	–	–	–	–	–	–	149,002	–	149,002
– Stormwater drainage	9,029	(3,836)	5,193	–	–	–	(113)	–	–	–	9,029	(3,949)	5,080
– Water supply network	74,765	(34,737)	40,028	217	425	–	(1,318)	353	–	342	76,433	(36,386)	40,047
– Sewerage network	34,383	(17,755)	16,628	162	121	–	(579)	60	–	143	35,046	(18,512)	16,534
Other assets:													
– Other	91	(91)	–	–	–	–	–	–	–	–	91	(91)	–
Reinstatement, rehabilitation and restoration assets (refer Note E2-1):													
– Quarry assets	2,436	(625)	1,811	–	–	(454)	(106)	–	–	–	1,982	(731)	1,251
Total infrastructure, property, plant and equipment	754,359	(212,148)	542,211	12,586	4,647	(883)	(11,350)	–	(27)	4,173	773,744	(222,387)	551,357

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

(2) Restated - see Note G4-1.

(3) Restated - see Note G4-1

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

Accounting policy

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

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

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

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

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

Land is not depreciated. 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 20	Playground equipment	5 to 15
Office furniture	7 to 33	Benches, seats etc.	10 to 20
Computer equipment	4 to 5		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	7 to 20	Buildings: masonry	30 to 90
Other plant and equipment	5 to 30	Buildings: other	15 to 90
		Stormwater assets	
Water and sewer assets		Drains	80
Dams and reservoirs	15 to 200	Culverts	80
Bores	20 to 60		
Reticulation pipes	40 to 80		
Pumps and telemetry	10 to 80		
Treatment plants	15 to 80		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	Nil
Sealed roads: surface	25	Other structures	10 to 70
Sealed roads: pavement base	100	Aerodromes	10 to 60
Sealed roads: pavement sub-base	180		
Unsealed roads	20 to 25	Land improvements	
Bridges: concrete	120	Land improvements	5 to 50
Bridges: other	35 to 80		
Kerb, gutter, footpaths and causeways	15 to 80		

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

Land under roads

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

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

Crown reserves

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

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

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

Rural Fire Service assets

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

In 2022, council has reviewed the previous assessment of this matter and decided to de-recognise Rural Fire Services assets, including buildings, plant and equipment, due to lack of evidence of control over the economic benefits which are expected to flow from these assets. For more details refer to Note G4-1.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	774	710
Accumulated amortisation	(694)	(681)
Net book value – opening balance	80	29
Movements for the year		
Purchases	38	64
Amortisation charges	(26)	(13)
Closing values at 30 June		
Gross book value	812	774
Accumulated amortisation	(720)	(694)
Total software – net book value	92	80
Total intangible assets – net book value	92	80

Accounting policy

IT development and software

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

C1-9 Other

Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	1,037	–	–	–
Total other assets	1,037	–	–	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a Building asset. Information relating to the lease in place and associated balances and transactions is provided below.

Buildings

Council leases land and buildings for the Coonabarrabran Library. The lease was commenced in December 2019 and is for a term of 3 years with an option to extend for a further 3 years.

The building lease contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

(a) Right of use assets

\$ '000	Plant & Equipment	Land and Buildings	Total
2022			
Opening balance at 1 July	–	197	197
Additions to right-of-use assets	168	–	168
Depreciation charge	(42)	(49)	(91)
Balance at 30 June	126	148	274
2021			
Opening balance at 1 July	–	246	246
Depreciation charge	–	(49)	(49)
Balance at 30 June	–	197	197

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	89	250	47	176
Total lease liabilities	89	250	47	176

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2022					
Cash flows	100	249	–	349	339
2021					
Cash flows	45	178	–	223	223

C2-1 Council as a lessee (continued)

(d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	9	10
Depreciation of right of use assets	91	49
	100	59

(e) Statement of Cash Flows

Total cash outflow for leases	74	55
	74	55

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

Accounting policy

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

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

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

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

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

C2-2 Council as a lessor

(ii) Council as a lessor

Leases at significantly below market value - Concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for: –

- Camp ground
- Community halls
- Tennis courts
- Pre schools
- Men's sheds

The leases are generally between 2 and 20 years and require payments of a maximum amount of \$509 per year. Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services ¹	382	-	967	-
Accrued expenses:				
– Borrowings	14	-	48	-
– Salaries and wages	199	-	218	-
– Other expenditure accruals	544	-	448	-
Security bonds, deposits and retentions	739	-	760	-
Other ²	39	-	31	-
Total payables	1,917	-	2,472	-

(1) 2021 balance was grossed up on GST receivable by \$474 thousand (see Note C1-4); and also decreased by \$901 thousand as a result of error (see Note G4-1).

(2) Provision related to Three Rivers Retirement Community Project in amount of \$500 thousand was reclassified from payables (Note C3-1) to legal cases provisions (Note B3-5) in 2021 financial year.

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

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	739	760
Total payables	739	760

C3-1 Payables (continued)

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.

The financial liabilities of the Council comprise trade payables, bank and other loans.

Payables

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

C3-2 Contract Liabilities

\$ '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)	3,071	-	1,421	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	-	-	38	-
Total grants received in advance		3,071	-	1,459	-
Total contract liabilities		3,071	-	1,459	-

Notes

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

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

Significant changes in contract liabilities

Increase of contract liability was largely caused by receipt of \$1,553 thousand of LRCI Round 3 grant in the end of the year. The grant has not yet been spent by 30 June 2022.

Accounting policy

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

C3-3 Borrowings

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured ¹	904	1,021	1,010	1,925
Total borrowings	904	1,021	1,010	1,925

(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 Note E1.

Borrowings relating to restricted assets

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	107	56	104	164
Borrowings relating to externally restricted assets	107	56	104	164
Total borrowings relating to restricted assets	107	56	104	164
Total borrowings relating to unrestricted assets	797	965	906	1,761
Total borrowings	904	1,021	1,010	1,925

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

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

(a) Changes in liabilities arising from financing activities

\$ '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	2,935	(1,010)	–	–	–	–	1,925
Lease liability (Note C2-1b)	223	(74)	–	–	–	190	339
Total liabilities from financing activities	3,158	(1,084)	–	–	–	190	2,264

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,897	(962)	–	–	–	–	2,935
Lease liability (Note C2-1b)	268	(45)	–	–	–	–	223
Total liabilities from financing activities	4,165	(1,007)	–	–	–	–	3,158

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	79	79
Total financing arrangements	579	579
Drawn facilities		
– Credit cards/purchase cards	35	25
Total drawn financing arrangements	35	25
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	44	54
Total undrawn financing arrangements	544	554

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	1,030	–	1,264	–
Long service leave	2,318	–	2,738	–
Other leave	80	–	72	–
ELE on-costs	415	–	602	–
Total employee benefit provisions	3,843	–	4,676	–

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,228	3,396
	2,228	3,396

Description of and movements in non-employee benefit provisions

Accounting policy

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

C3-5 Provisions

\$ '000	2022		2021	
	Current	Non-Current	Current	Non-Current
Other provisions				
Legal cases provisions ¹	500	–	500	–
Sub-total – other provisions	500	–	500	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	4,920	–	2,675
Sub-total – asset remediation/restoration	–	4,920	–	2,675
Total provisions	500	4,920	500	2,675

(1) Provision related to Three Rivers Retirement Community Project in amount of \$500 thousand was reclassified from payables (Note C3-1) to legal cases provisions (Note B3-5) in 2021 financial year.

Provisions relating to restricted assets

Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	500	4,920	500	2,675
Total provisions	500	4,920	500	2,675

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

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

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2022		
At beginning of year	2,675	2,675
Unwinding of discount (see Note B3-3)	41	41
Remeasurement effects (see Note C1-7)	2,204	2,204
Total other provisions at end of year	4,920	4,920
2021		
At beginning of year	3,102	3,102
Total other provisions at end of year	2,675	2,675

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the councils and private gravel quarries it has used.

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

C3-5 Provisions (continued)

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 borrowing costs.

Asset remediation – tips and quarries

Restoration

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 costs are estimated on the basis of a closure plan. 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.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, 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 property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Self-insurance

Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

C4 Reserves

C4-1 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	10,757	2,185	1,780
User charges and fees	4,321	1,909	181
Interest and investment revenue	216	38	13
Other revenues	2,848	29	18
Grants and contributions provided for operating purposes	18,080	–	–
Grants and contributions provided for capital purposes	6,345	2,248	906
Net gains from disposal of assets	618	–	–
Other income	46	–	–
Total income from continuing operations	43,231	6,409	2,898
Expenses from continuing operations			
Employee benefits and on-costs	12,382	1,179	525
Materials and services	11,088	1,319	774
Borrowing costs	118	2	–
Depreciation, amortisation and impairment of non-financial assets	9,029	1,377	584
Other expenses	1,174	236	–
Net losses from the disposal of assets	–	206	–
Total expenses from continuing operations	33,791	4,319	1,883
Operating result from continuing operations	9,440	2,090	1,015
Net operating result for the year	9,440	2,090	1,015
Net operating result attributable to each council fund	9,440	2,090	1,015
Net operating result for the year before grants and contributions provided for capital purposes	3,095	(158)	109

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	1,286	831	1,961
Investments	20,500	–	2,500
Receivables	2,236	1,480	517
Inventories	572	–	–
Contract assets and contract cost assets	3,245	185	202
Other	1,037	–	–
Total current assets	28,876	2,496	5,180
Non-current assets			
Investments	1,000	–	–
Inventories	299	–	–
Infrastructure, property, plant and equipment	529,784	47,069	20,861
Investments accounted for using the equity method	501	–	–
Intangible assets	92	–	–
Right of use assets	274	–	–
Total non-current assets	531,950	47,069	20,861
Total assets	560,826	49,565	26,041
LIABILITIES			
Current liabilities			
Payables	1,839	34	44
Contract liabilities	3,071	–	–
Lease liabilities	89	–	–
Borrowings	797	107	–
Employee benefit provision	3,413	352	78
Provisions	500	–	–
Total current liabilities	9,709	493	122
Non-current liabilities			
Lease liabilities	250	–	–
Borrowings	965	56	–
Provisions	4,920	–	–
Total non-current liabilities	6,135	56	–
Total liabilities	15,844	549	122
Net assets	544,982	49,016	25,919
EQUITY			
Accumulated surplus	400,736	23,653	12,773
Revaluation reserves	144,246	25,363	13,146
Council equity interest	544,982	49,016	25,919
Total equity	544,982	49,016	25,919

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2022	2021
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	501	455
Total net share of interests in joint ventures and associates using the equity method – assets	501	455
Total Council's share of net assets	501	455

D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership			
			2022	2021	2022	2021
Macquarie Regional Library	Dubbo, Coolah, Dunedoo, Coonabarabran, Narromine and Wellington	Joint venture	19.5%	19.6%	–	454
Total carrying amounts – material joint ventures					–	454

Material joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Details

	Principal activity	Measurement method
Macquarie Regional Library	Community library services	Equity

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2022	2021	2022	2021
Macquarie Regional Library	19.5%	19.6%	25.0%	25.0%

D2-1 Interests in joint arrangements (continued)

Summarised financial information for joint ventures

\$ '000	Macquarie Regional Library	
	2022	2021
Statement of financial position		
Current assets		
Cash and cash equivalents	2,168	1,988
Other current assets	82	86
Non-current assets		
	1,261	1,186
Current liabilities		
Other current liabilities	843	829
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	33	30
Net assets	2,635	2,401
Statement of comprehensive income		
Income	3,253	3,129
Interest income	7	14
Depreciation and amortisation	(170)	(400)
Other expenses	(2,856)	(2,688)
Profit/(loss) from continuing operations	234	55
Profit/(loss) for the period	234	55
Total comprehensive income	234	55
Share of income – Council (%)	19.5%	19.6%
Profit/(loss) – Council (\$)	46	11
Total comprehensive income – Council (\$)	46	11

Reconciliation

Reconciliation of carrying amount of interest in joint venture to summarised financial information for individually material joint ventures accounted for using the equity method.

	Current year end \$'000	Prior year end \$'000
Share of 20.0% (20.1%) of net assets	469	426
Adjustment to share	(25)	(26)
Carrying amount	444	400
Fair value of investment (if there is a quoted price)	444	426

Reconciliation of the carrying amount

Opening net assets (1 July)	2,401	2,346
Profit/(loss) for the period	234	55
Closing net assets	2,635	2,401
Council's share of net assets (%)	19.5%	19.6%
Council's share of net assets (\$)	514	469

D2-1 Interests in joint arrangements (continued)

Accounting policy

The council has determined that it has joint ventures only.

Joint ventures:

Interests in joint ventures are accounted for using the equity method in accordance with *AASB128 Investments in Associates and Joint Ventures*.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

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

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's 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 instruments held are:

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

Council 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
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	262	150

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

(b) Credit risk

Council's major receivables comprise rates and annual charges and other receivables. The latter comprises of accrued income for government grants, user charges and fees, interest and extra charges, other debtors.

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 policies.

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

Council makes suitable provision for doubtful receivables as required based on the lifetime expected credit loss at each reporting date.

A profile of Council's receivables credit risk at the reporting 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	overdue rates and annual charges				Total
		< 1 years	1 - 2 years	2 - 5 years	≥ 5 years	
2022						
Gross carrying amount	–	1,328	–	–	–	1,328
2021						
Gross carrying amount	1,686	–	–	–	–	1,686

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	5,567	490	118	323	706	7,204
Expected loss rate (%)	0.00%	2.47%	14.49%	50.00%	67.46%	9.26%
ECL provision	–	12	17	162	476	667
2021						
Gross carrying amount	4,124	1,181	228	72	599	6,204
Expected loss rate (%)	0.00%	2.00%	10.00%	25.00%	55.00%	6.35%
ECL provision	–	24	23	18	329	394

(1) 2021 figures were adjusted by adding contract asset balance of \$2,459 thousand.

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	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	739	1,178	–	–	1,917	1,917
Borrowings	4.18%	–	904	1,021	–	1,925	1,925
Total financial liabilities		739	2,082	1,021	–	3,842	3,842
2021							
Payables	0.00%	760	2,138	–	–	2,898	2,472
Borrowings	0.00%	–	1,143	1,792	–	2,935	2,935
Total financial liabilities		760	3,281	1,792	–	5,833	5,407

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-7									
Plant and equipment		30/06/20	30/06/20	–	–	11,315	15,545	11,315	15,545
Office equipment		30/06/20	30/06/20	–	–	348	456	348	456
Furniture and fittings		30/06/20	30/06/20	–	–	2	7	2	7
Land – Community		30/06/21	30/06/21	2,034	74	–	1,830	2,034	1,904
Land – Operational		30/06/18	30/06/18	6,705	2,981	–	3,034	6,705	6,015
Land improvements – depreciable		30/06/21	30/06/21	–	–	1,753	1,715	1,753	1,715
Buildings		30/06/18	30/06/18	–	–	30,529	32,574	30,529	32,574
Other structures		30/06/21	30/06/21	–	–	20,536	18,651	20,536	18,651
Roads		30/06/20	30/06/20	–	–	221,504	202,056	221,504	202,056
Bridges		30/06/20	30/06/20	–	–	58,131	54,741	58,131	54,741
Footpaths		30/06/20	30/06/20	–	–	5,881	5,396	5,881	5,396
Bulk earthworks		30/06/20	30/06/20	–	–	160,276	149,002	160,276	149,002
Stormwater drainage		30/06/20	30/06/20	–	–	5,224	5,080	5,224	5,080
Water supply network		30/06/22	30/06/17	–	–	41,536	38,575	41,536	38,575
Sewerage network		30/06/22	30/06/17	–	–	18,579	16,643	18,579	16,643
Tip assets		30/06/20	30/06/20	–	–	–	–	–	–
Quarry assets		30/06/19	30/06/19	–	–	3,372	1,251	3,372	1,251
Total infrastructure, property, plant and equipment				8,739	3,055	578,986	546,556	587,725	549,611

Transfers between level 1 and level 2 fair value hierarchies

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

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment and furniture, fixtures and fittings

Plant and equipment, office equipment and furniture, and fixtures and fittings are all valued at depreciated cost (original purchase price) as this assessment is considered to approximate fair value.

Roads, bulk earthworks, bridges, footpaths and stormwater drainage

The values currently displayed are based on the following:

The current replacement cost for these asset classes has been derived from a 2019/20 valuation survey undertaken, for this purpose, by AssetVal Valuers. All asset are assigned useful lives except for bulk earthworks and are condition rated at the time of valuation effective as at 30 June 2020.

Roads are componentised into pavement and surface with pavements split into sealed and unsealed road pavements. A distinction is also made between road pavements on regional, local and urban. Roads also include causeways and kerb and gutter.

Bridges are componentised into bridges sub-structure, super-structure and deck and major culverts.

Stormwater drainage assets include both pits and pipes.

Quarry and tip remediation liabilities

Council recognises remediation assets for quarries under its control. These assets are based on the estimated cost to remediate the sites at the end of their useful life. Estimated remediation costs are based on engineering assessments and take into account the inputs needed to rehabilitate the quarry/tip sites. As the final remediation will not happen for several years the input costs are indexed out to the estimated remediation date through the use of CPI, and then discounted back to arrive at the present value, with the discount rate being the ten year government bond rate. No estimate is made for potential increases in rehabilitation scope in future years as such changes can not be reliably measured. Further details on these assets can be found in note C3-5.

Council has ceased to recognise tip remediation asset based on in-house review conducted during 2019/20 due to following factors:

- a) Capping/closure of cell in 5 years time – Capping of waste cell is being undertaken every year for the part of cell which has been used. The cost of capping is charged as operational expenditure on as we go basis. Therefore, although the cell will be fully capped/closed in 5 years time i.e. in 2025 but it would be only that part of cell that will be used in that year.
- b) Closure of Coonabarabran waste site – Based on recent survey/study conducted by Waste Services, it is estimated that the remaining life of Coonabarabran waste site is 45 years. However, Council is not aware of any obligation where Council has to restore/remediate the site at the end of 45 years. Council will be putting new cells and closing them as part of waste operations during the next 45 years as discussed above but will not be liable to restore the site at the end of useful life.

Operational and community land

Land has been valued at market value, having regard to the "highest and best use", after identifying elements that would be taken into account by buyers and sellers in settling the price. These elements include: land description and dimensions, planning and other constraints on development and the potential for alternative use. Operational land has been valued by Assetval in 2017/18 using a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs). For community land, some are valued by Assetval in 2017/18 using observable inputs (level 2 inputs) while the majority was revalued in 2020/21 at Valuer General unimproved capital value (UCV) which takes into account highest and best use values.

Other structures and land improvements (depreciable)

The value of structures and depreciable land improvements have been assessed on the basis of either replacement with a new asset having similar service potential and includes allowances for preliminaries and professional fees or where not possible indexation of existing values. These values have been derived from an internal valuation for 30/6/2021.

The asset class includes Aerodromes, Pools, landscaping, gardens, sport change rooms, grand stands etc., Major components include pool structures, walls, roofs, pumps, fences, sheds, garden beds etc. Each component is assigned a useful life and long life component, based on engineering estimates and are condition rated at the time of valuation. In some cases Council has limited data for this asset class in relation to original construction date, age, and past maintenance and renewals history.

Water and sewer network

In recent years current replacement costs for water and sewer assets have been derived by Modern Engineering Equivalent Replacement Asset (MEERA) unit costs and lump sums. Water and sewer assets are componentised into mains, treatment plants, pumping stations, and reservoirs. All asset components are assigned a long life component, useful life and remaining useful life, and were condition rated at time of revaluation, with the condition rating determining the remaining useful life. Valuations require a level of professional judgement from both the valuer and Council engineers and the valuation was carried out through the use of condition assessments including through the use of cameras and maintenance/break histories for assets that could not be accessed through a simple inspection. Limitation on current valuations include further data issues around Council mains break historical data, and a lack of long term historical data on renewals. The last comprehensive valuation was performed by an independent valuer (APV Valuers and Asset Management) on 30 June 2022.

E2-1 Fair value measurement (continued)

Buildings

Buildings are valued by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost. These rates are derived from substantial analysis of construction costs from over 120 Councils across NSW by Council's valuer (Valued by Assetval in 2017/18). Buildings assets are componentised into Super structure, Sub structure, Finishes, Fittings and Services. Each component is assigned a useful life and remaining useful life with the remaining useful life based on the condition assessment at the time of valuation. Further improvements to the valuation could be achieved with further details on the level of componentisation, as well as more in-depth maintenance history.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Warrumbungle Shire Council undertakes to recognise its assets at fair value. Whilst this method does not suit some asset categories such as Plant & Equipment or Office furniture it is the best available method to determine the value of assets such as roads and buildings.

The process by council determines is through:

- * A re examination of the fair value of the relevant asset classes as specified by the OLG on a five year rotation;
- * Seek an external valuer with good knowledge and reputation to undertake the valuation;
- * The "Valuer" selects a sample of assets and in conjunction with Council Staff will then examine the sample to determine any adjustments required;
- * During this process the adequacy and accuracy of costing and usage assumptions are analysed and addressed as required;
- * After the physical examination the Valuer goes over the findings with Council and invites questions and feedback;
- * In conjunction with Council's input the Valuer will then make a determination on which Council will act.

E2-1 Fair value measurement (continued)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant and equipment	Cost approach	* Gross Replacement Cost (purchase price) * Remaining Useful Life
Office equipment	Cost approach	* Gross Replacement Cost (purchase price) * Remaining Useful Life
Furniture and fittings	Cost approach	* Gross Replacement Cost (purchase price) * Remaining Useful Life
Operational land	Market approach	* Similar local property prices * Alternative use
Community land	Land Values from NSW VG	* Unimproved capital value from Valuer General
Land improvements (depreciable)	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Buildings	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Other structures	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Roads	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Bridges	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Footpaths	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Bulk earthworks	Cost approach (replacement cost)	* Gross Replacement Cost
Stormwater drainage	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Water supply network	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Sewer supply network	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Other	Cost approach	* Asset Condition * Remaining Useful Life
Tip assets	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes
Quarry assets	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard 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
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 to 31 December 2021 and \$20 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 additional lump sum contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$ 60,861.24 The last valuation of the Scheme was performed by Mr Richard Boyfield FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$79,446.24.

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

E3-1 Contingencies (continued)

Employer reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits 100.4	2,391.7	99.4%

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

The share of any funding surplus or deficit that can be attributed to Council is 0.16%.

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

Council believes that it is appropriately covered for all claims through its insurance coverage and provisions.

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

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

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

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

(iii) Potential Liability relating to the TRRRC development

Council received funding from State and Federal governments to construct the Three Rivers Regional Retirement Community (TRRRC). After tendering the project, Council engaged a contractor to undertake the construction of the facility. The contract with the contractor was terminated on 2 August 2018 due to default of contract. The contractor has listed the matter for consideration through the Supreme Court, which is being defended by Council. This action may lead to a future liability which at this stage is unable to be determined. Council has resolved to prefer an option to demolish all partially completed units, and seek permission from the two funding bodies to utilise remaining funding for site infrastructure and civil works relating to the project in possible readiness for construction of a smaller number of units if future funding is forthcoming.

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	932	744
Superannuation	84	95
Total	1,016	839

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.

There are no other disclosures to be made by KMP.

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	24	27
Councillors' fees	100	109
Other Councillors' expenses (including Mayor)	13	13
Total	137	149

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

	67	58
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Remuneration for audit and other assurance services	67	58
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Total Auditor-General remuneration	67	58
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Total audit fees	67	58
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G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021 ¹ Restated
Net operating result from Income Statement	12,545	10,238
Add / (less) non-cash items:		
Depreciation and amortisation	10,990	11,413
(Gain) / loss on disposal of assets	(412)	(795)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– transfer of opening WIP to expenses	490	–
Unwinding of discount rates on reinstatement provisions	41	–
Share of net (profits)/losses of associates/joint ventures using the equity method	(46)	(11)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	531	(538)
Increase / (decrease) in provision for impairment of receivables	–	14
(Increase) / decrease of inventories	(4)	157
(Increase) / decrease of other current assets	(1,037)	53
(Increase) / decrease of contract asset	(1,173)	(814)
Increase / (decrease) in payables	(585)	79
Increase / (decrease) in accrued interest payable	(34)	(8)
Increase / (decrease) in other accrued expenses payable	77	(61)
Increase / (decrease) in other liabilities	(13)	462
Increase / (decrease) in contract liabilities	1,612	194
Increase / (decrease) in employee benefit provision	(833)	29
Increase / (decrease) in other provisions	–	(427)
Net cash flows from operating activities	22,149	19,985

(1) Restated - see Note G4-1

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Land and buildings	139	428
Plant and equipment	303	1,455
Infrastructure	2,260	3,106
Total commitments	2,702	4,989

These expenditures are payable as follows:

Within the next year	2,702	4,989
Total payable	2,702	4,989

Details of capital commitments

The Council has committed to various capital projects which mainly includes information technology, regional roads, sporting facilities, council properties, town streets, water and sewer over the next 12 months.

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

Nature of prior period error

Nature of changes in accounting policies

Insurance expenses

Council incorrectly recognised property insurance expenses related to 2022 financial year in the financial statements for the year ended 30 June 2021. Total amount of an error is \$901 thousand. The error was fixed by recognising the expenses in the current year financial statements with comparatives been restated in the Note B3-2 Material and Services and Note C3-1 Payables.

Water and sewer assets

Council also, as part of comprehensive revaluation of water and sewer assets in the current year, identified new assets not been previously recorded; and assets which were previously been recognised but not exist. Net effect of increase in Water supply asset base is \$1,472 thousand; and the net effect of decrease in Sewer network assets base is \$108 thousand. As a result, total net effect of found/lost assets is \$1,364 thousand which was brought to account in 2022 as prior year error. Accordingly, the comparatives were restated in the Note C1-7 Infrastructure, Property, Plant and Equipment.

Rural Fire Service (RFS) equipment and buildings

Council reassessed accounting treatment of RFS equipment and buildings vested with council and concluded that it does not control these assets. Analysis of this matter revealed that, in substance, council does not control benefits associated with operation of these assets on the grounds that follow:

- Councils have no control over such assets as there is no benefit to councils in the pursuit of Council objectives from these assets;
- Councils have no power to deny or regulate access to others of any benefits that may arise from these assets;
- The RFS Zone Manager makes all decisions regarding maintenance, capital improvements and new assets. While councils may be consulted, they have no final decision;
- Once a capital budget is in place, the RFS Zone Manager organises all contractors and purchases. Councils, under direction and for administrative ease, order and pay for these assets, but are reimbursed for them after submitting a claim. Councils act solely as agents;
- Councils do not make any decisions about the use of RFS buildings nor earn any income from them; and
- Councils are not involved in any decision-making about RFS budgets, purchases or sales.

The facts associated with RFS assets vested with council have not changed since implementation of a service agreement between council and RFS agency in 2011. As a result, this issue is not a matter of a policy choice but rather an interpretation of facts. Therefore, this was accounted for as an error in current year financial statements with restatement of comparatives in Note C1-7 Infrastructure, Property, Plant and Equipment; Note B3-4 Depreciation, amortisation and impairment of non-financial assets and B2-4 Grants and Contributions. Total effect of the error was \$9,936 thousand as at 30 June 2021; and \$10,562 thousand as at 30 June 2020.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

G4-1 Correction of errors (continued)

Changes to the opening Statement of Financial Position at 1 July 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Total current assets	24,690	–	24,690
Infrastructure, Property, Plant and Equipment	550,317	(8,106)	542,211
Total non-current assets	551,335	(8,106)	543,229
Total assets	576,025	(8,106)	567,919
Total current liabilities	8,948	–	8,948
Total non-current liabilities	6,256	–	6,256
Net assets	560,821	(8,106)	552,715
Accumulated Surplus	422,485	(8,106)	414,379
Revaluation Reserve	138,336	–	138,336
Total equity	560,821	(8,106)	552,715

Adjustments to the comparative figures for the year ended 30 June 2021

Statement of Financial Position

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Total current assets	29,204	–	29,204
Infrastructure, Property, Plant and Equipment	559,930	(8,573)	551,357
Total non-current assets	560,961	(8,573)	552,388
Total assets	590,165	(8,573)	581,592
Payables	3,398	(901)	2,497
Total current liabilities	10,590	(901)	9,689
Total non-current liabilities	4,776	–	4,776
Net assets	574,799	(7,672)	567,127
Accumulated Surplus	432,290	(7,672)	424,618
Revaluation Reserves	142,509	–	142,509
Total equity	574,799	(7,672)	567,127

G4-1 Correction of errors (continued)

Income Statement

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Grants and contributions provided for capital purposes	9,349	(1,092)	8,257
Total income from continuing operations	49,586	(1,092)	48,494
Materials and services	10,922	(901)	10,021
Depreciation and amortisation	12,037	(625)	11,412
Total expenses from continuing operations	39,781	(1,526)	38,255
Net operating result for the year	9,805	434	10,239

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Net operating result for the year	9,805	434	10,239
Total comprehensive income for the year	9,805	434	10,239

G5 Statement of developer contributions as at 30 June 2022

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Roads	5	-	-	-	-	-	5	-
Open space	7	-	-	-	-	-	7	-
Community facilities	6	-	-	1	-	-	7	-
Other	2	-	-	-	-	-	2	-
Bushfire	12	-	-	1	-	-	13	-
S7.11 contributions – under a plan	32	-	-	2	-	-	34	-
Total S7.11 and S7.12 revenue under plans	32	-	-	2	-	-	34	-
S7.11 not under plans	223	43	-	-	(34)	-	232	-
S64 contributions	134	-	-	-	-	-	134	-
Total contributions	389	43	-	2	(34)	-	400	-

G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN – WARRUMBUNGLE SHIRE COUNCIL								
Roads	5	-	-	-	-	-	5	-
Open space	7	-	-	-	-	-	7	-
Community facilities	6	-	-	1	-	-	7	-
Bushfire	12	-	-	1	-	-	13	-
Other	2	-	-	-	-	-	2	-
Total	32	-	-	2	-	-	34	-

G5-3 Contributions not under plans

CONTRIBUTIONS – NOT UNDER A PLAN

Other	223	43	-	-	(34)	-	232	-
Total	223	43	-	-	(34)	-	232	-

G5-4 S64 contributions

S64 Contributions

Water	102	-	-	-	-	-	102	-
Sewer	32	-	-	-	-	-	32	-
Total	134	-	-	-	-	-	134	-

G6 Statement of performance measures

G6-1 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}	2,588	6.11%	3.03%	(5.09)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	42,375				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	24,295	46.83%	44.46%	53.08%	> 60.00%
Total continuing operating revenue ¹	51,874				
3. Unrestricted current ratio					
Current assets less all external restrictions	21,860	5.95x	4.88x	2.95x	> 1.50x
Current liabilities less specific purpose liabilities	3,671				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	13,698	11.59x	10.75x	10.47x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,182				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,699	9.99%	12.33%	10.93%	< 10.00%
Rates and annual charges collectable	17,012				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	28,078	10.61	9.71	7.74	> 3.00
Monthly payments from cash flow of operating and financing activities	2,646	mths	mths	mths	mths

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

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

G6-2 Statement of performance measures by fund

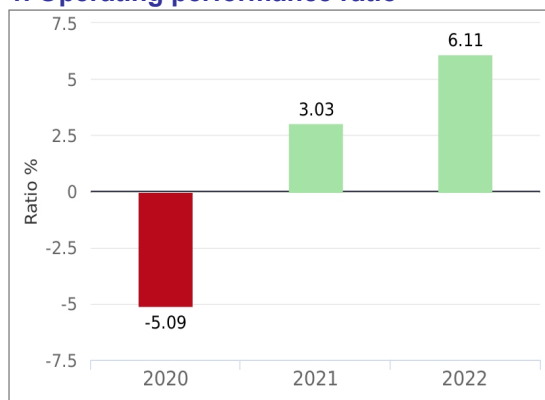
\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	7.28%	4.21%	(3.80)%	(9.51)%	5.47%	6.28%	> 0.00%
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	42.62%	37.62%	64.92%	87.16%	68.74%	89.76%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.95x	4.88x	5.06x	3.77x	42.46x	42.48x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9.99x	9.30x	610.50x	119.56x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	8.07%	10.84%	16.57%	17.59%	12.80%	14.96%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	10.99 mths	9.16 mths	3.51 mths	0.40 mths	18.12 mths	39.34 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 28a 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

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 6.11%

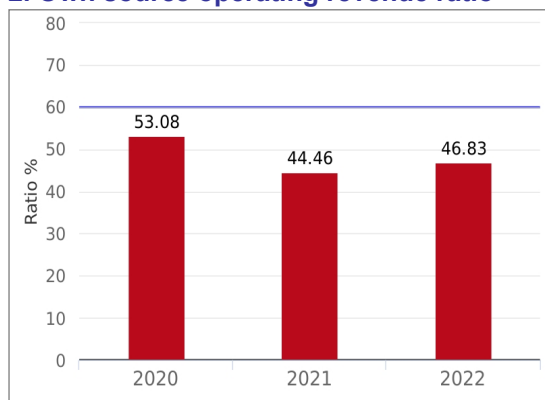
A marked improvement on previous years. Councils focus on controlling operating costs has assisted in the improvement.

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 46.83%

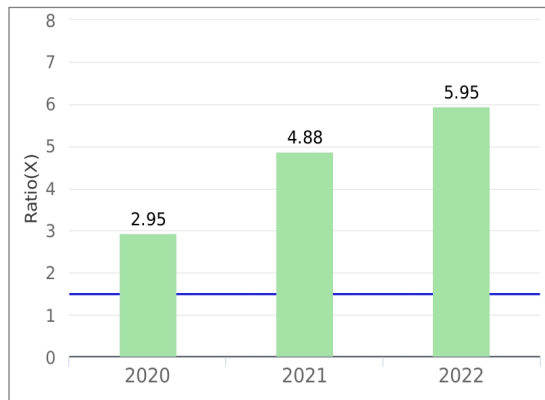
This ratio, whilst important, is impacted by the level of grant monies received by Council.

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 5.95x

This ratio is well above the benchmark. There will be a downwards trend should the FAG's prepayment cease.

Benchmark: — > 1.50x

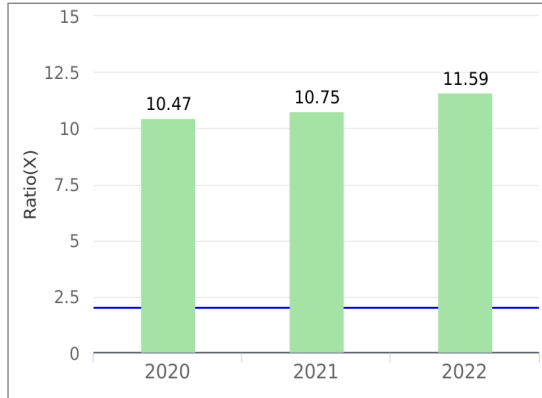
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

H Additional Council disclosures (unaudited)

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 11.59x

This ratio is well above the benchmark and reflects councils commitment to only use debt as required.

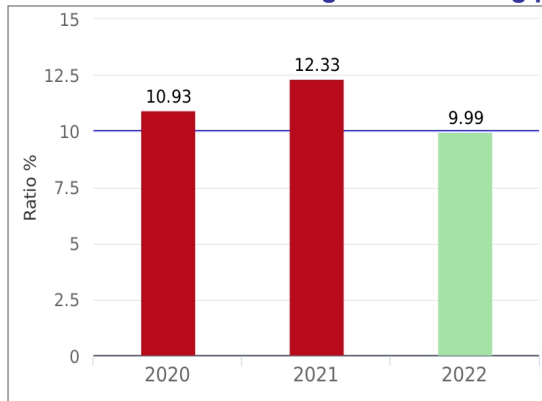
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 9.99%

This ratio represents an improvement in collection efforts by council and the ability of the community to meet obligations to pay.

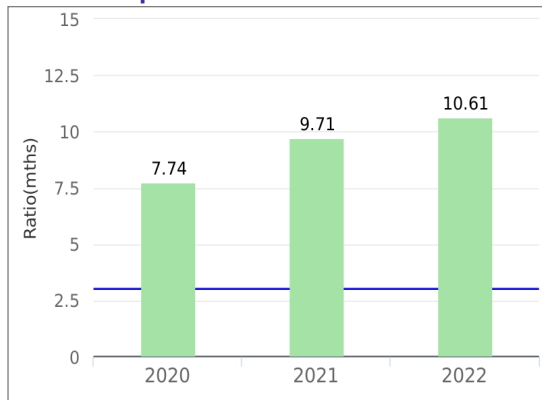
Benchmark: — < 10.00%

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 10.61 mths

Council's ability to meet immediate expenses is well above the benchmark.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Warrumbungle Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

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

Warrumbungle Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

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

Warrumbungle Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



Warrumbungle 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).

Warrumbungle 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 20 October 2022.

Ambrose Doolan

Mayor

20 October 2022

Councillor

20 October 2022

Roger Bailey

General Manager

20 October 2022

Lindsay Mason

Responsible Accounting Officer

20 October 2022

Warrumbungle Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021 ¹ Restated
Income from continuing operations		
Access charges	2,185	1,940
User charges	1,863	1,731
Fees	46	5
Interest and investment income	38	15
Other income	29	10
Total income from continuing operations	4,161	3,701
Expenses from continuing operations		
Employee benefits and on-costs	1,179	1,288
Borrowing costs	2	9
Materials and services ²	1,319	1,096
Depreciation, amortisation and impairment	1,377	1,419
Net loss from the disposal of assets	206	–
Other expenses	236	241
Total expenses from continuing operations	4,319	4,053
Surplus (deficit) from continuing operations before capital amounts	(158)	(352)
Grants and contributions provided for capital purposes	2,248	545
Surplus (deficit) from continuing operations after capital amounts	2,090	193
Surplus (deficit) from all operations before tax	2,090	193
Surplus (deficit) after tax	2,090	193
Plus accumulated surplus	21,563	19,898
Plus/less: prior period adjustments	–	1,472
Closing accumulated surplus (deficit)	23,653	21,563
Return on capital %	(0.3)%	(0.8)%
Subsidy from Council	156	970
Calculation of dividend payable:		
Surplus (deficit) after tax	2,090	193
Less: capital grants and contributions (excluding developer contributions)	(2,248)	(545)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

(1) Accumulated surplus in 2021 was increased by \$1,472 thousand as a result of found assets.

(2) \$492 thousand of other expenses were reclassified to material and services in 2021

Warrumbungle Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021 ^{1,2} Restated
Income from continuing operations		
Access charges	1,780	1,778
User charges	105	110
Liquid trade waste charges	76	76
Interest and investment income	13	20
Other income	18	6
Total income from continuing operations	1,992	1,990
Expenses from continuing operations		
Employee benefits and on-costs	525	556
Materials and services ³	774	701
Depreciation, amortisation and impairment	584	608
Total expenses from continuing operations	1,883	1,865
Surplus (deficit) from continuing operations before capital amounts	109	125
Grants and contributions provided for capital purposes	906	227
Surplus (deficit) from continuing operations after capital amounts	1,015	352
Surplus (deficit) from all operations before tax	1,015	352
Less: corporate taxation equivalent (25%) [based on result before capital]	(27)	(42)
Surplus (deficit) after tax	988	310
Plus accumulated surplus	11,758	11,514
Plus/less: prior period adjustments	–	(108)
– Corporate taxation equivalent	27	42
Closing accumulated surplus (deficit)	12,773	11,758
Return on capital %	0.5%	0.7%
Subsidy from Council	–	106
Calculation of dividend payable:		
Surplus (deficit) after tax	988	310
Less: capital grants and contributions (excluding developer contributions)	(906)	(227)
Surplus for dividend calculation purposes	82	83
Potential dividend calculated from surplus	41	42

(1) The current liability balance and accumulated surplus balances on 30 June 2021 were restated by recognition of \$38 thousand of contract liability. This was incorrectly treated as non-capital grant income in 2021 income statements.

(2) Accumulated surplus on 30 June 2021 was decreased by \$108 thousand as a result of a prior year error.

(3) \$477 thousand of other expenses were reclassified to material and services in 2021

Warrumbungle Shire Council

Income Statement of Warrumbungle Quarry

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
User charges	8	226
Total income from continuing operations	8	226
Expenses from continuing operations		
Employee benefits and on-costs	–	21
Borrowing costs	48	10
Materials and services	–	270
Depreciation, amortisation and impairment	83	106
Other expenses	–	36
Total expenses from continuing operations	131	443
Surplus (deficit) from continuing operations before capital amounts	(123)	(217)
Surplus (deficit) from continuing operations after capital amounts	(123)	(217)
Surplus (deficit) from all operations before tax	(123)	(217)
Surplus (deficit) after tax	(123)	(217)
Plus accumulated surplus	–	217
Closing accumulated surplus (deficit)	(123)	–
Subsidy from Council	75	207

Warrumbungle Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021 ¹ Restated
ASSETS		
Current assets		
Contract assets and contract cost assets	185	277
Cash and cash equivalents	831	88
Receivables	1,480	1,377
Inventories	–	6
Total current assets	2,496	1,748
Non-current assets		
Infrastructure, property, plant and equipment	47,069	43,530
Total non-current assets	47,069	43,530
Total assets	49,565	45,278
LIABILITIES		
Current liabilities		
Contract liabilities	–	5
Payables	34	4
Borrowings	107	104
Employee benefit provisions	352	351
Total current liabilities	493	464
Non-current liabilities		
Borrowings	56	164
Total non-current liabilities	56	164
Total liabilities	549	628
Net assets	49,016	44,650
EQUITY		
Accumulated surplus	23,653	21,563
Revaluation reserves	25,363	23,087
Total equity	49,016	44,650

(1) Infrastructure, property, plant and equipment were increased on found assets in 2021 by \$1,472 thousand.

Warrumbungle Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021 ^{1,2} Restated
ASSETS		
Current assets		
Contract assets and contract cost assets	202	69
Cash and cash equivalents	1,961	4,121
Investments	2,500	–
Receivables	517	738
Total current assets	5,180	4,928
Non-current assets		
Infrastructure, property, plant and equipment	20,861	17,944
Total non-current assets	20,861	17,944
Total assets	26,041	22,872
LIABILITIES		
Current liabilities		
Contract liabilities	–	38
Payables	44	–
Employee benefit provisions	78	78
Total current liabilities	122	116
Total liabilities	122	116
Net assets	25,919	22,756
EQUITY		
Accumulated surplus	12,773	11,758
Revaluation reserves	13,146	10,998
Total equity	25,919	22,756

(1) The current liability balance and accumulated surplus balances on 30 June 2021 were restated by recognition of \$38 thousand of contract liability. This was incorrectly treated as non-capital grant income in 2021 income statements.

(2) The Infrastructure, property, plant and equipment and accumulated surplus balances on 30 June 2021 were decreased by \$108 thousand as a result of a prior year error.

Warrumbungle Shire Council

Statement of Financial Position of Warrumbungle Quarry

as at 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
LIABILITIES		
Current liabilities		
Due to General Fund	123	–
Total current liabilities	123	–
Total liabilities	123	–
Net assets	(123)	–
EQUITY		
Accumulated surplus (deficit)	(123)	–
Total equity	(123)	–

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Warrumbungle Shire Council Combined Water Supply

All individual Water Funds are now combined into one entity known as Warrumbungle Water Fund. This entity incorporates the previous individual Operations and Net Assets of the Water Supply Systems of the towns of Baradine, Binnaway, Coonabarabran, Coolah, Dunedoo and Mendooran.

Category 2

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

a. Warrumbungle Shire Council Sewerage Service

All individual Sewerage Services are now combined into one entity known as Warrumbungle Sewerage Fund. This entity incorporates the previous individual Operations and Net Assets of the Sewerage Treatment and Reticulation Systems of the towns Baradine, Coonabarabran, Coolah and Dunedoo.

b. Warrumbungle Quarry

Warrumbungle Quarry ceased operations during the year. All assets and liabilities were transferred into the general fund.

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the

Note – Significant Accounting Policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – **25%** (20/21 26%)

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

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

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

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

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (20/21 26%).

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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.

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

Note – Significant Accounting Policies (continued)

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Warrumbungle Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Warrumbungle Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Warrumbungle Shire Council

Special Schedules

for the year ended 30 June 2022

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Warrumbungle 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	8,353	8,578
Plus or minus adjustments ²	b	(4)	-
Notional general income	c = a + b	8,349	8,578
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.50%
Or plus rate peg amount	i = e x (c + g)	167	214
Sub-total	k = (c + g + h + i + j)	8,516	8,792
Plus (or minus) last year's carry forward total	l	15	(36)
Sub-total	n = (l + m)	15	(36)
Total permissible income	o = k + n	8,531	8,756
Less notional general income yield	p	8,570	8,738
Catch-up or (excess) result	q = o - p	(39)	18
Less unused catch-up ⁵	s	3	-
Carry forward to next year ⁶	t = q + r + s	(36)	18

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)*.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (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 *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

Warrumbungle 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	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	Other	591	1,077	595	631	30,529	86,646	4.0%	69.0%	25.0%	1.0%	1.0%
	Sub-total	591	1,077	595	631	30,529	86,646	4.0%	69.0%	25.0%	1.0%	1.0%
Other structures	Other structures	1,569	1,085	695	658	20,536	31,982	36.0%	10.0%	43.0%	8.0%	3.0%
	Sub-total	1,569	1,085	695	658	20,536	31,982	36.0%	10.0%	43.0%	8.0%	3.0%
Roads	Roads	141	–	3,472	2,764	369,652	422,711	87.0%	12.0%	0.0%	1.0%	0.0%
	Bridges	154	–	25	15	58,131	79,766	34.0%	41.0%	24.0%	1.0%	0.0%
	Footpaths	242	113	28	13	5,881	10,476	9.0%	23.0%	58.0%	8.0%	2.0%
	Other road assets	742	426	255	323	12,128	25,599	4.0%	3.0%	81.0%	10.0%	2.0%
	Sub-total	1,279	539	3,780	3,115	445,792	538,552	73.7%	16.1%	8.5%	1.6%	0.1%
Water supply network	Water supply network	3,214	2,149	870	875	41,536	72,108	12.0%	46.0%	13.0%	26.0%	3.0%
	Sub-total	3,214	2,149	870	875	41,536	72,108	12.0%	46.0%	13.0%	26.0%	3.0%
Sewerage network	Sewerage network	1,832	270	313	216	18,579	34,993	9.0%	42.0%	20.0%	29.0%	0.0%
	Sub-total	1,832	270	313	216	18,579	34,993	9.0%	42.0%	20.0%	29.0%	0.0%
Stormwater drainage	Stormwater drainage	249	–	–	–	5,224	9,479	0.0%	36.0%	50.0%	14.0%	0.0%
	Sub-total	249	–	–	–	5,224	9,479	0.0%	36.0%	50.0%	14.0%	0.0%
Total – all assets		8,734	5,120	6,253	5,495	562,196	773,760	54.7%	26.0%	13.2%	5.4%	0.6%

(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

Warrumbungle Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	8,289	96.73%	160.14%	48.80%	>= 100.00%
Depreciation, amortisation and impairment	8,569				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	8,734	1.53%	0.47%	0.57%	< 2.00%
Net carrying amount of infrastructure assets	572,185				
Asset maintenance ratio					
Actual asset maintenance	5,495	87.88%	81.26%	104.00%	> 100.00%
Required asset maintenance	6,253				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	5,120	0.66%	4.21%	4.51%	
Gross replacement cost	773,760				

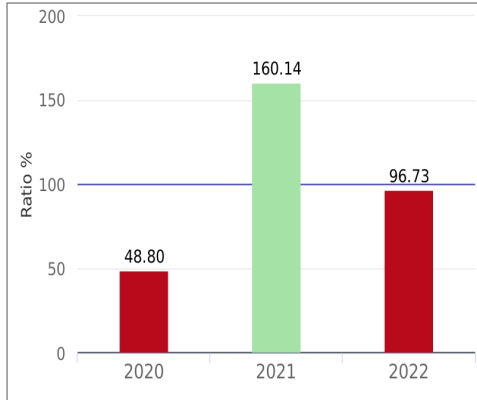
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Warrumbungle 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	96.73%

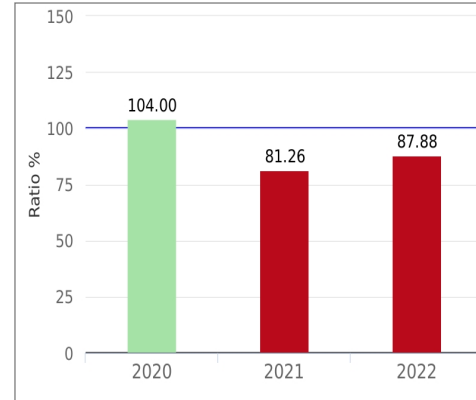
Benchmark: — $\geq 100.00\%$

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	87.88%

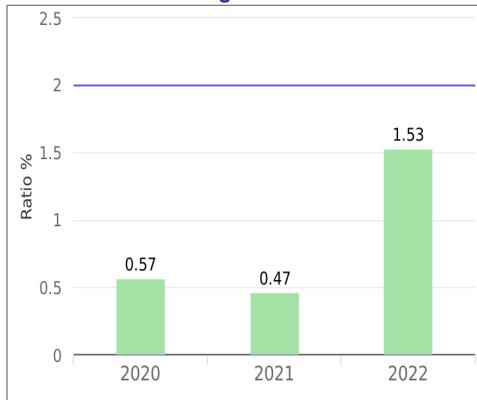
Benchmark: — $> 100.00\%$

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	1.53%

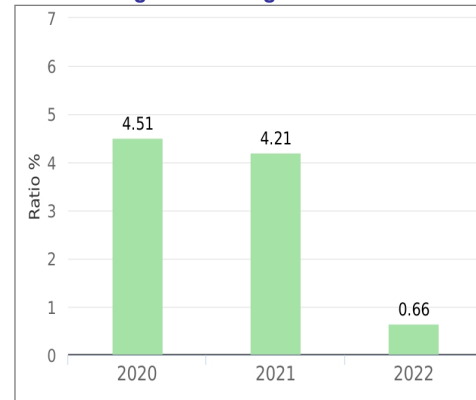
Benchmark: — $< 2.00\%$

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	0.66%

Warrumbungle Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	123.79%	187.84%	0.00%	42.56%	0.00%	84.46%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.72%	0.27%	7.74%	1.87%	9.86%	2.29%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	86.86%	81.72%	100.57%	88.66%	69.01%	60.00%	> 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	0.41%	2.96%	2.98%	5.41%	0.77%	17.14%	

(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.