

Wentworth Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



Wentworth Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

26-28 Adelaide Street
Wentworth NSW 2648

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.wentworth.nsw.gov.au.

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.

Wentworth Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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 17 October 2022.



Tim Elstone

Mayor

17 October 2022



Daniel Linklater

Deputy Mayor

17 October 2022



Ken Ross

General Manager

17 October 2022



Simon Rule

Responsible Accounting Officer

17 October 2022

Wentworth Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Restated Actual 2021 \$ '000
Income from continuing operations				
9,369	Rates and annual charges	B2-1	9,529	9,164
5,286	User charges and fees	B2-2	9,600	7,582
1,232	Other revenues	B2-3	1,453	1,020
9,850	Grants and contributions provided for operating purposes	B2-4	12,147	10,384
14,664	Grants and contributions provided for capital purposes	B2-4	8,715	11,724
334	Interest and investment income	B2-5	280	245
–	Other income	B2-6	131	52
100	Net gain from the disposal of assets	B4-1	–	135
40,835	Total income from continuing operations		41,855	40,306
Expenses from continuing operations				
10,291	Employee benefits and on-costs	B3-1	9,665	8,792
6,963	Materials and services	B3-2	11,235	9,553
291	Borrowing costs	B3-3	316	375
7,123	Depreciation, amortisation and impairment of non-financial assets	B3-4	8,465	8,283
614	Other expenses	B3-5	524	763
–	Net loss from the disposal of assets	B4-1	78	–
–	Net share of interests in joint ventures and associates using the equity method	D2	195	219
25,282	Total expenses from continuing operations		30,478	27,985
15,553	Operating result from continuing operations		11,377	12,321
15,553	Net operating result for the year attributable to Council		11,377	12,321
889	Net operating result for the year before grants and contributions provided for capital purposes		2,662	597

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

Wentworth Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	2022 \$ '000	Restated 2021 \$ '000
Net operating result for the year – from Income Statement		11,377	12,321
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	49,470	580
Total items which will not be reclassified subsequently to the operating result		49,470	580
Total other comprehensive income for the year		49,470	580
Total comprehensive income for the year attributable to Council		60,847	12,901

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

Wentworth Shire Council

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$ '000	Restated 2021 \$ '000	Restated 1 July 2020 \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	5,708	12,393	10,413
Investments	C1-2	38,000	26,000	18,005
Receivables	C1-4	4,491	3,985	5,823
Inventories	C1-5	224	166	202
Other		211	156	213
Total current assets		48,634	42,700	34,656
Non-current assets				
Infrastructure, property, plant and equipment (IPPE)	C1-6	511,401	454,747	443,464
Intangible assets	C1-7	184	184	184
Investments accounted for using the equity method	D2-1,D2-3	945	1,140	1,359
Total non-current assets		512,530	456,071	445,007
Total assets		561,164	498,771	479,663
LIABILITIES				
Current liabilities				
Payables	C3-1	2,675	2,905	3,855
Contract liabilities	C3-2	6,411	6,318	1,056
Borrowings	C3-3	780	499	262
Employee benefit provisions	C3-4	2,143	2,263	2,212
Total current liabilities		12,009	11,985	7,385
Non-current liabilities				
Borrowings	C3-3	7,016	5,522	4,032
Employee benefit provisions	C3-4	152	241	236
Provisions	C3-5	2,713	2,596	2,484
Total non-current liabilities		9,881	8,359	6,752
Total liabilities		21,890	20,344	14,137
Net assets		539,274	478,427	465,526
EQUITY				
Accumulated surplus	C4-1	95,040	83,663	71,342
IPPE revaluation reserve	C4-1	444,234	394,764	394,184
Council equity interest		539,274	478,427	465,526
Total equity		539,274	478,427	465,526

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

Wentworth 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	IPPE revaluation reserve	Total equity
		\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Opening balance at 1 July		83,663	394,764	478,427	70,072	394,184	464,256
Correction of prior period errors	G4-1	–	–	–	1,270	–	1,270
Restated opening balance		83,663	394,764	478,427	71,342	394,184	465,526
Net operating result for the year		11,377	–	11,377	12,321	–	12,321
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	49,470	49,470	–	580	580
Other comprehensive income		–	49,470	49,470	–	580	580
Total comprehensive income		11,377	49,470	60,847	12,321	580	12,901
Closing balance at 30 June		95,040	444,234	539,274	83,663	394,764	478,427

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

Wentworth Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
9,336	Rates and annual charges		9,497	9,391
5,224	User charges and fees		10,227	9,718
304	Interest received		224	237
24,963	Grants and contributions		20,776	26,248
1,173	Other		2,531	3,227
<i>Payments:</i>				
(10,262)	Payments to employees		(9,891)	(8,973)
(4,031)	Payments for materials and services		(13,067)	(12,024)
(277)	Borrowing costs		(199)	(263)
(3,500)	Other		(1,253)	(1,347)
22,930	Net cash flows from operating activities	G1-1	18,845	26,214
Cash flows from investing activities				
<i>Receipts:</i>				
—	Sale of investments		47,000	54,000
450	Proceeds from sale of IPPE		272	314
<i>Payments:</i>				
—	Purchase of investments		(59,000)	(61,995)
(28,029)	Payments for IPPE		(15,577)	(18,280)
(27,579)	Net cash flows from investing activities		(27,305)	(25,961)
Cash flows from financing activities				
<i>Receipts:</i>				
7,750	Proceeds from borrowings		2,400	2,000
<i>Payments:</i>				
(635)	Repayment of borrowings		(625)	(273)
7,115	Net cash flows from financing activities		1,775	1,727
2,466	Net change in cash and cash equivalents		(6,685)	1,980
—	Cash and cash equivalents at beginning of year		12,393	10,413
2,466	Cash and cash equivalents at end of year	C1-1	5,708	12,393
—	plus: Investments on hand at end of year	C1-2	38,000	26,000
2,466	Total cash, cash equivalents and investments		43,708	38,393

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

Wentworth 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 17 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain 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.

Coronavirus (COVID-19) impact

Covid-19 and even more so the associated government measures to slow the spread of the virus have had a significant impact on global and local economies and across communities and individuals.

Council has not been isolated from the direct and indirect effects of Covid-19 and has therefore had to react to the impacts of Covid-19 during the 2021/22 financial year and consider the impacts of Covid-19 in preparing these financial statements.

The potential impact of the pandemic on financial reporting for the year ended 30 June 2022 was assessed through an analysis of the following categories:

- Impairment of financial and non-financial assets
- Potential provisions of onerous contracts and future rehabilitation works
- Financial liabilities as a result of breach of existing contracts
- Fair value assessment of non-financial assets
- Income and revenue
- Covid-19 stimulus packages
- Employee Benefit Provisions
- Going concern
- Capital Commitments

The analysis of the above categories was also performed considering after balance date developments of the pandemic effects in Australia and overseas.

Based on the analysis performed, Council did not find any material adjustments required to be done as a result of the pandemic.

Even though the pandemic had a widespread effect on slowing down the economy around the world, as at 30 June 2022 it is hard to predict any significant future implications on Council's business. Council business operations remain on the same pattern. Overall the financial impact has not been significant and is not anticipated to increase in future years.

Council is not aware of any post balance day events which would result in separate disclosures or adjustments to the 30 June 2022 financial results. Hence, 30 June 2022 financial statements were prepared on a going concern basis.

A1-1 Basis of preparation (continued)

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

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

- (ii) Tip Remediation Provisions

Council has used significant judgement in determining future Tip Remediation Provisions - refer Note C3-5

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

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 does not rely on volunteer services. Council has not recognised any volunteer services in the income statement as the value is immaterial, cannot be reliably measured and the services would not be purchased if not donated.

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.

A1-1 Basis of preparation (continued)

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

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

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

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

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of a 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 Amedments

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 and loss, instead of deducting the amounts received from the cost of the asset;
- AASB 137 to specify the costs that 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.

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 30 June 2022. None of these standards had a significant impact on reported position or performance.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Functions or activities										
1. Wentworth is a vibrant, growing and thriving shire	1,045	934	1,882	2,551	(837)	(1,617)	564	61	14,192	16,346
2. Wentworth is a desirable shire to visit, live, work and invest	2,554	1,766	4,115	3,098	(1,561)	(1,332)	2,264	1,617	38,935	27,059
3. Wentworth is a community that works to enhance and protect its physical and natural assets	21,093	23,736	17,024	15,703	4,069	8,033	8,067	12,794	451,402	404,571
4. Wentworth is a caring, supportive and inclusive community that is informed and engaged in its future	17,163	13,870	7,457	6,633	9,706	7,237	9,967	7,636	56,635	50,795
Total functions and activities	41,855	40,306	30,478	27,985	11,377	12,321	20,862	22,108	561,164	498,771

B1-2 Components of functions or activities

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

1. Wentworth is a vibrant, growing and thriving shire

- 1.1 Grow the potential of business and industry to develop and expand
- 1.2 Encourage and support population growth and resident attraction

2. Wentworth is a desirable shire to visit, live, work and invest

- 2.1 Grow visitation to the Shire by developing a quality visitor experience and promoting our destination
- 2.2 Enhance access to local health and aged care services
- 2.3 Enhance access to maternal and child health services, child care centres and pre-school services
- 2.4 Enhance access to education, skills and training
- 2.5 Maintain/create desirable open spaces and recreation facilities

3. Wentworth is a community that works to enhance and protect its physical and natural assets

- 3.1 Promote the efficient delivery of water supply, sewer and drainage services for the long term interests of future generations
- 3.2 Plan for and develop the right assets and infrastructure
- 3.3 Prepare for natural disasters, biosecurity risks and climate change
- 3.4 Reduce, reuse and recover waste
- 3.5 Recognise the importance of a healthy Murray-Darling River System

4. Wentworth is a caring, supportive and inclusive community that is informed and engaged in its future

- 4.1 Provide strong and effective representation, leadership, planning, decision-making and service delivery
- 4.2 Encourage locals to volunteer their time within their local community
- 4.3 Promote disability inclusion with the general community
- 4.4 Encourage the self determination of the Aboriginal community
- 4.5 Encourage the self determination of individual townships and community groups
- 4.6 Collaborate with others to achieve desired outcomes for the local community
- 4.7 Promote the celebration of the region's rich cultural and social heritage

B2 Sources of income

B2-1 Rates and annual charges

	2022 \$ '000	2021 \$ '000
Ordinary rates		
Residential	2,176	2,082
Farmland	1,843	1,775
Business	1,603	1,559
Less: pensioner rebates (mandatory)	(44)	(44)
Less: pensioner rebates (Council policy)	(34)	(38)
Rates levied to ratepayers	5,544	5,334
Pensioner rate subsidies received	44	44
Total ordinary rates	5,588	5,378
Special rates		
Tourism	40	40
Rates levied to ratepayers	40	40
Total special rates	40	40
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	836	807
Water supply services	1,334	1,274
Sewerage services	1,776	1,711
Less: pensioner rebates (mandatory)	(56)	(57)
Less: pensioner rebates (Council policy)	(44)	(46)
Annual charges levied	3,846	3,689
Pensioner subsidies received:		
– Water	18	19
– Sewerage	17	17
– Domestic waste management	20	21
Total annual charges	3,901	3,746
Total rates and annual charges	9,529	9,164

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

	Timing	2022 \$ '000	2021 \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	1,470	1,466
Total specific user charges		1,470	1,466
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services	2	10	17
Planning and building regulation	2	235	313
Private works – section 67	2	7	15
Regulatory/ statutory fees	2	26	81
Section 10.7 certificates (EP&A Act)	2	51	58
Section 603 certificates	2	27	29
Tapping fees	2	53	80
Total fees and charges – statutory/regulatory		409	593
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	119	33
Caravan park	2	1	3
Cemeteries	1	125	76
Refuse and effluent disposal	2	1	–
RMS charges (state roads not controlled by Council)	2	4,239	3,033
Waste disposal tipping fees	2	3,174	2,310
Animal control	2	14	22
Other – road opening permits	2	10	9
Other - Water Licence	2	38	37
Total fees and charges – other		7,721	5,523
Total other user charges and fees		8,130	6,116
Total user charges and fees		9,600	7,582
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		125	76
User charges and fees recognised at a point in time (2)		9,475	7,506
Total user charges and fees		9,600	7,582

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

	Timing	2022 \$ '000	2021 \$ '000
Legal fees recovery – other	2	593	–
Commissions and agency fees	2	18	4
Diesel rebate	2	112	129
Insurance claims recoveries	2	145	182
Sales – general	2	1	1
Facilities revenue	2	273	402
Insurance rebates	2	35	54
Rural fire service reimbursements	2	11	15
Sales – miscellaneous	2	11	26
Other – other public works	2	–	3
Other – meter readings	2	11	7
Other	2	243	197
Total other revenue		1,453	1,020
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		1,453	1,020
Total other revenue		1,453	1,020

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

		Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,323	2,111	–	–
Financial assistance – local roads component	2	1,125	1,017	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,568	2,259	–	–
Financial assistance – local roads component	2	1,734	1,092	–	–
Amount recognised as income during current year		8,750	6,479	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	–	–	195	772
Sewerage services	2	–	82	–	132
Bushfire and emergency services	2	320	343	–	2
Child care	2	–	–	513	33
Community Services	2	3	–	–	–
Economic development	2	328	–	278	757
Employment and training programs	2	14	–	–	–
Environmental programs	2	–	–	4	1
Library – per capita	2	55	54	–	–
Library	2	–	6	375	–
Library – special projects	2	–	–	24	23
Noxious weeds	2	40	37	–	–
Recreation and culture	2	–	–	1,401	1,463
Street lighting	2	39	39	–	–
Transport (roads to recovery)	2	1,278	1,917	–	–
Transport (other roads and bridges funding)	2	55	55	2,813	1,271
Aerodrome	2	–	–	1,370	5,648
Caravan Park	2	–	–	329	–
Other specific grants (E-Planning Grant)	2	14	36	–	–
Previously contributions:					
Recreation and culture		–	–	100	–
Roads and bridges	2	–	–	–	4
Transport for NSW contributions (regional roads, block grant)	2	1,251	1,336	199	199
Sewerage (excl. section 64 contributions)	2	–	–	272	209
Water supplies (excl. section 64 contributions)	2	–	–	105	77
Other contributions	2	–	–	2	–
Total special purpose grants and non-developer contributions – cash		3,397	3,905	7,980	10,591
Non-cash contributions					
Bushfire services	2	–	–	551	–
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	150	606
Tourism	2	–	–	–	507
Total other contributions – non-cash		–	–	701	1,113
Total special purpose grants and non-developer contributions (tied)		3,397	3,905	8,681	11,704
Total grants and non-developer contributions		12,147	10,384	8,681	11,704

continued on next page ...

B2-4 Grants and contributions (continued)

	Timing	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Comprising:					
– Commonwealth funding		10,042	8,397	1,730	3,421
– State funding		2,105	1,987	6,380	6,881
– Other funding		–	–	571	1,402
		12,147	10,384	8,681	11,704

Developer contributions

	Notes	Timing	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – Development Contributions Plan		2	–	–	27	18
Service Plan # 2		2	–	–	7	2
Total developer contributions – cash			–	–	34	20
Total developer contributions			–	–	34	20
Total contributions			–	–	34	20
Total grants and contributions			12,147	10,384	8,715	11,724
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			12,147	10,384	8,715	11,724
Total grants and contributions			12,147	10,384	8,715	11,724

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:

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	1,108	233	5,779	551
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	875	–	–
Add: capital grants received and transferred to contract liabilities	–	–	3,248	5,279
Less: Funds received in prior year but revenue recognised and funds spent in current year	(567)	–	(3,166)	(51)
Unspent funds at 30 June	541	1,108	5,861	5,779

Unexpended Capital Grants Include:

- NSW State Library Infrastructure Grant
- Local Roads and Community Infrastructure Grant Projects
- Fixing Local Roads Grant Projects
- Stronger Country Communities Fund Round 4 projects
- Crown Land Improvement fund projects
- Resources for Regions Projects.

Contributions

Unspent funds at 1 July	663	640	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	37	23	–	–
Unspent contributions at 30 June	700	663	–	–

Unexpended Contributions include Contributions received from developers in relation to:

- Development Contribution Plan; and
- Servicing Plan # 2.

Accounting policy

Grants and contributions - enforceable agreement with sufficiently specific performance obligations

Grants 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 satisfied.

The performance obligations vary according to the agreement but include:

- Refund in cash or kind is required when the agreed specific performance has not occurred;
- The customer, or another party acting on its behalf, has a right to enforce specific performance or claim damages;
- The customer has the right to take a financial interest in assets purchased or constructed by the entity with resources provided under the agreement;
- The parties to the agreement are required to agree on alternative uses of the resources provided under the agreement; and
- An administrative process exists to enforce agreements between sovereign States or between a State and another party.

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.

B2-4 Grants and contributions (continued)

completion of the project when a report/outcome is provided), where as over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of communit health services through the year).

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

Capital grants

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

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

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

Developer Contributions

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

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 the 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

	2022 \$ '000	2021 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	66	42
– Cash and investments	214	203
Total interest and investment income (losses)	280	245
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	32	20
General Council cash and investments	140	130
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	3	4
Water fund operations	72	64
Sewerage fund operations	33	27
Total interest and investment income	280	245

Accounting policy

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

B2-6 Other income

	Notes	2022 \$ '000	2021 \$ '000
Reversal of impairment losses on receivables			
Grants and contributions		84	–
Total reversal of impairment losses on receivables	C1-4	84	–
Rental income			
Lease income (excluding variable lease payments not dependent on an index or rate)		47	52
Total Investment properties		47	52
Total rental income	C2-2	47	52
Total other income		131	52

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2022 \$ '000	2021 \$ '000
Salaries and wages	7,557	7,383
Employee leave entitlements (ELE)	1,514	1,233
Superannuation – defined contribution plans	791	719
Superannuation – defined benefit plans	96	122
Workers' compensation insurance	385	311
Fringe benefit tax (FBT)	13	13
Training costs	60	24
Uniforms	51	43
Recruitment	11	16
Total employee costs	10,478	9,864
Less: capitalised costs	(813)	(1,072)
Total employee costs expensed	9,665	8,792

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

	Notes	2022 \$ '000	2021 \$ '000
Raw materials and consumables		3,066	2,361
Contractor and consultancy costs		5,169	4,266
Audit Fees ¹	F2-1	60	72
Councillor and Mayoral fees and associated expenses	F1-2	200	198
Advertising		18	24
Bank charges		47	40
Cleaning		153	143
Election expenses		79	1
Electricity and heating		563	616
Fire control expenses		45	43
Insurance		615	548
Office expenses (including computer expenses)		297	611
Postage		22	25
Printing and stationery		42	40
Street lighting		119	127
Subscriptions and publications		176	75
Telephone and communications		91	65
Tourism expenses (excluding employee costs)		292	163
Valuation fees		45	37
Travel expenses		8	3
Training costs (other than salaries and wages)		88	38
Other expenses		1	3
Legal expenses:			
– Legal expenses: debt recovery		23	34
– Legal expenses: other		16	20
Total materials and services		11,235	9,553
Total materials and services		11,235	9,553

Accounting policy

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

(1) Refer to note F2-1 for further information

B3-3 Borrowing costs

	Notes	2022 \$ '000	2021 \$ '000
(i) Interest bearing liability costs			
Interest on loans		199	263
Total interest bearing liability costs		199	263
Total interest bearing liability costs expensed		199	263
(ii) Other borrowing costs			
– Landfill Remediation Liability	C3-5	117	112
Total borrowing costs expensed		316	375

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

	Notes	2022 \$ '000	2021 Restated \$ '000
Depreciation and amortisation			
Plant and equipment		1,292	1,236
Office equipment		68	62
Furniture and fittings		4	5
Land improvements (depreciable)		289	253
Infrastructure:			
– Buildings	C1-6	921	907
– Roads		3,459	3,440
– Other structures		220	216
– Bridges		85	84
– Footpaths		62	57
– Stormwater drainage		225	216
– Water supply network		710	681
– Sewerage network		768	751
– Swimming pools		60	65
– Other open space/recreational assets		57	59
– Other infrastructure		154	154
Other assets:			
– Library books		25	30
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-6	66	67
Total gross depreciation and amortisation costs		8,465	8,283
Total depreciation and amortisation costs		8,465	8,283
Total depreciation, amortisation and impairment for non-financial assets		8,465	8,283

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

	Notes	2022 \$ '000	2021 \$ '000
Impairment of receivables			
Other		10	9
Total impairment of receivables	C1-4	10	9
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		10	14
– Fire & Rescue NSW levy		26	28
– NSW rural fire service levy		294	403
Donations, contributions and assistance to other organisations (Section 356)		184	309
Total other		514	754
Total other expenses		524	763

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2022 \$ '000	2021 \$ '000
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		(59)	–
Gain (or loss) on disposal		(59)	–
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		272	314
Less: carrying amount of plant and equipment assets sold/written off		(74)	(179)
Gain (or loss) on disposal		198	135
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(217)	–
Gain (or loss) on disposal		(217)	–
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		47,000	54,000
Less: carrying amount of investments sold/redeemed/matured		(47,000)	(54,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(78)	135

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 30/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Rates and annual charges	9,369	9,529	160	2% F
User charges and fees	5,286	9,600	4,314	82% F
Variation is due to larger than expected revenue from the Buronga Landfill and fee for service work with Transport for NSW for the State Highways.				
Other revenues	1,232	1,453	221	18% F
Other revenue is over budget due to the receipt of a large outstanding debt during the course of the year..				
Operating grants and contributions	9,850	12,147	2,297	23% F
The Federal Govt made a 75% advance payment of the 2022-2023 Federal Assistance Grant during the financial year compared to the 50% prepayment made in previous financial years.				
Capital grants and contributions	14,664	8,715	(5,949)	(41)% U
The major projects for the financial year being the Civic Centre redevelopment and the Pooncarie- Mendinee Road upgrade didn't progress as much as expected during the year. This meant that Capital Grants to be used for those projects have yet to be accounted for.				
Interest and investment revenue	334	280	(54)	(16)% U
Interest revenue was under budget due to continued low interest rates on Council's investments during the year, also interest on overdue rates was less than expected.				
Net gains from disposal of assets	100	-	(100)	(100)% U
Budget Variation is due to a \$217K write off a previously recognised capital expense which has resulted in a \$139K profit on disposal of assets, turing into a \$78k loss on disposal expenditure item.				
Other income	-	131	131	∞ F
Currently lease income is not budgtd as a separate income amount. The reversal of impairment was a result of a post 30 June analysis of Council's outstanding debts.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	10,291	9,665	626	6% F
Materials and services	6,963	11,235	(4,272)	(61)% U
The budget variation is due to larger than expected work for Transport for NSW on the State Highways. Council also experienced an increase in maintenance expenses across a number of asset classes compared to previous years.				
Borrowing costs	291	316	(25)	(9)% U
Depreciation, amortisation and impairment of non-financial assets	7,123	8,465	(1,342)	(19)% U
There was a timing difference between when the budget for 2021-2022 was set compared to the actual figure booked at 30 June. There was also an additional \$200k booked due to a revaluation of Rural Fire Service red fleet assets.				
Other expenses	614	524	90	15% F
Budget variation was due to lower than expected emergency services contributions which countered the larger than expected Financial Assistance Payments.				
Net losses from disposal of assets	–	78	(78)	∞ U
During the financial year Council reallocated \$217K worth of expenditure that had previously been capitalised via WIP to operational expenditure, this resulted in an unbudgeted loss on disposal of assets.				
Joint ventures and associates – net losses	–	195	(195)	∞ U
This expense represents Council's share of the decrease in equity of the Joint Organisation for the year. This is a requirement of Accounting Standard AASB 11 Joint Arrangements and will always be a post 30 June adjustment.				
Statement of cash flows				
Cash flows from operating activities	22,930	18,845	(4,085)	(18)% U
Cash receipts from operating activities were \$2,529,000 more than expected while payments from operating activities were \$7,078,000 more than expected.				
Cash flows from investing activities	(27,579)	(27,305)	274	(1)% F
Cash flows from financing activities	7,115	1,775	(5,340)	(75)% U
Due to the Civic Centre project not progressing as far as expected during the financial year there was no need to draw down on the loan requirements for the project.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2022 \$ '000	2021 \$ '000
Cash assets		
Cash on hand and at bank	2,680	2,363
Cash equivalent assets		
– Deposits at call	3,028	10,030
Total cash and cash equivalents	5,708	12,393

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,708	12,393
Balance as per the Statement of Cash Flows	5,708	12,393

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Debt securities at amortised cost				
Long term deposits	38,000	–	26,000	–
Total	38,000	–	26,000	–
Total financial investments	38,000	–	26,000	–
Total cash assets, cash equivalents and investments	43,708	–	38,393	–

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

	2022 \$ '000	2021 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	43,708	38,393
Less: Externally restricted cash, cash equivalents and investments	(23,096)	(22,181)
Cash, cash equivalents and investments not subject to external restrictions	20,612	16,212
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – Contract Liabilities	5,861	5,779
External restrictions – included in liabilities	5,861	5,779
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	700	663
Specific purpose unexpended grants (recognised as revenue) – general fund	541	1,108
Water fund	10,456	9,409
Sewer fund	4,210	3,607
Council reserves – caravan park	219	258
Other - T-Corp Loan Balance	1,109	1,357
External restrictions – other	17,235	16,402
Total external restrictions	23,096	22,181

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.

	2022 \$ '000	2021 \$ '000
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	20,612	16,212
Less: Internally restricted cash, cash equivalents and investments	(14,089)	(10,928)
Unrestricted and unallocated cash, cash equivalents and investments	6,523	5,284

Internal allocations

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

Plant and vehicle replacement	1,500	1,500
Employees leave entitlement	2,294	2,504
Deposits, retentions and bonds	823	631
Capital projects	1,000	1,200
FAG received in advance	5,302	3,350
Future development	1,076	1,076
Loan guarantee	4	3
Other doubtful debts provision	40	125
Cemeteries Deposits	550	539
Caravan Park Loan	1,500	–
Total internal allocations	14,089	10,928

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

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

	2022	2021
	\$ '000	\$ '000

(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	6,523	5,284
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C1-4 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Rates and annual charges	1,163	–	1,073	–
Interest and extra charges	243	–	267	–
User charges and fees	1,449	–	1,423	–
Accrued revenues				
– Interest on investments	108	–	28	–
Government grants and subsidies	769	–	1,218	–
Net GST receivable	206	–	101	–
Other debtors - Legal Costs	593	–	–	–
Total	4,531	–	4,110	–
Less: provision for impairment				
User charges and fees	–	–	(125)	–
Other debtors	(40)	–	–	–
Total provision for impairment – receivables	(40)	–	(125)	–
Total net receivables	4,491	–	3,985	–

Externally restricted receivables

Water supply

– Rates and availability charges	530	–	455	–
– Other	670	–	793	–

Sewerage services

– Rates and availability charges	288	–	253	–
– Other	66	–	40	–

Total external restrictions	1,554	–	1,541	–
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Unrestricted receivables	2,937	–	2,444	–
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Total net receivables	4,491	–	3,985	–
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	2022 \$ '000	2021 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year	125	115
+ new provisions recognised during the year	–	10
– previous impairment losses reversed	(85)	–
Balance at the end of the year	40	125

Accounting policy

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

Impairment

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

When estimating ECL, 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.

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

C1-4 Receivables (continued)

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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.

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.

Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

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

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

C1-5 Inventories

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Inventories at cost				
Stores and materials	224	—	166	—
Total inventories at cost	224	—	166	—
Total inventories	224	—	166	—

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.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Revaluation decrements to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	22,099	—	22,099	5,251	—	(217)	—	(16,776)	—	—	10,357	—	10,357
Plant and equipment	23,440	(15,467)	7,973	2,047	—	(74)	(1,292)	52	—	—	24,997	(16,291)	8,706
Office equipment	555	(109)	446	38	166	—	(68)	—	—	—	759	(177)	582
Furniture and fittings	85	(74)	11	9	—	—	(4)	—	—	—	94	(78)	16
Land:													
– Operational land	4,057	—	4,057	—	—	—	—	—	—	—	4,057	—	4,057
– Community land	7,287	—	7,287	—	—	(59)	—	—	—	—	7,228	—	7,228
– Land under roads (post 30/6/08)	422	—	422	—	—	—	—	—	—	—	422	—	422
Land improvements – depreciable	9,563	(4,504)	5,059	1,459	—	—	(289)	3,877	—	829	16,466	(5,531)	10,935
Infrastructure:													
– Buildings	72,601	(38,185)	34,416	33	50	—	(921)	369	—	5,940	85,583	(45,696)	39,887
– Other structures	5,533	(2,052)	3,481	—	550	—	(220)	199	—	570	7,189	(2,609)	4,580
– Roads	193,125	(104,273)	88,852	5,420	261	—	(3,459)	4,985	—	9,605	218,719	(113,055)	105,664
– Bridges	12,632	(5,768)	6,864	—	—	—	(85)	—	—	742	13,997	(6,476)	7,521
– Footpaths	6,488	(3,300)	3,188	—	326	—	(62)	120	—	345	7,635	(3,718)	3,917
– Bulk earthworks (non-depreciable)	190,626	—	190,626	—	—	—	—	626	—	20,515	211,767	—	211,767
– Stormwater drainage	25,198	(9,977)	15,221	65	37	—	(225)	651	(181)	—	27,191	(11,623)	15,568
– Water supply network	58,394	(27,722)	30,672	22	55	—	(710)	3,362	—	3,968	69,788	(32,419)	37,369
– Sewerage network	47,306	(28,953)	18,353	103	63	—	(768)	2,188	—	5,518	44,872	(19,415)	25,457
– Swimming pools	3,137	(1,413)	1,724	—	—	—	(60)	—	—	282	3,651	(1,705)	1,946
– Other open space/recreational assets	662	(473)	189	—	—	—	(57)	347	—	24	1,093	(590)	503
– Other infrastructure	13,386	(2,900)	10,486	—	—	—	(154)	—	—	1,313	15,087	(3,442)	11,645
Other assets:													
– Library books	235	(91)	144	—	44	—	(25)	—	—	—	279	(116)	163
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	3,339	(162)	3,177	—	—	—	(66)	—	—	—	3,339	(228)	3,111
Total infrastructure, property, plant and equipment	700,170	(245,423)	454,747	14,447	1,552	(350)	(8,465)	—	(181)	49,651	774,570	(263,169)	511,401

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

C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	Restated \$ '000	Restated \$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Capital work in progress	13,077	–	13,077	9,658	2,399	–	–	(3,035)	–	22,099	–	22,099
Plant and equipment	22,820	(15,009)	7,811	1,577	–	(179)	(1,236)	–	–	23,440	(15,467)	7,973
Office equipment	2,227	(1,763)	464	34	10	–	(62)	–	–	555	(109)	446
Furniture and fittings	280	(264)	16	–	–	–	(5)	–	–	85	(74)	11
Land:												
– Operational land	4,057	–	4,057	–	–	–	–	–	–	4,057	–	4,057
– Community land	7,250	–	7,250	–	37	–	–	–	–	7,287	–	7,287
– Land under roads (post 30/6/08)	361	–	361	–	61	–	–	–	–	422	–	422
Land improvements – depreciable	8,236	(4,252)	3,984	394	424	–	(253)	510	–	9,563	(4,504)	5,059
Infrastructure:												
– Buildings	70,632	(37,278)	33,354	353	336	–	(907)	1,280	–	72,601	(38,185)	34,416
– Other structures	5,316	(1,836)	3,480	181	–	–	(216)	36	–	5,533	(2,052)	3,481
– Roads	190,555	(100,832)	89,723	2,482	87	–	(3,440)	–	–	193,125	(104,273)	88,852
– Bridges	12,632	(5,684)	6,948	–	–	–	(84)	–	–	12,632	(5,768)	6,864
– Footpaths	6,214	(3,242)	2,972	31	242	–	(57)	–	–	6,488	(3,300)	3,188
– Bulk earthworks (non-depreciable)	190,611	–	190,611	15	–	–	–	–	–	190,626	–	190,626
– Stormwater drainage	24,483	(9,667)	14,816	461	–	–	(216)	16	144	25,198	(9,977)	15,221
– Water supply network	56,697	(26,793)	29,904	121	–	–	(681)	1,055	273	58,394	(27,722)	30,672
– Sewerage network	46,645	(27,944)	18,701	116	–	–	(751)	124	163	47,306	(28,953)	18,353
– Swimming pools	3,019	(1,348)	1,671	104	–	–	(65)	14	–	3,137	(1,413)	1,724
– Other open space/recreational assets	662	(414)	248	–	–	–	(59)	–	–	662	(473)	189
– Other infrastructure	13,386	(2,746)	10,640	–	–	–	(154)	–	–	13,386	(2,900)	10,486
Other assets:												
– Library books	380	(248)	132	–	42	–	(30)	–	–	235	(91)	144
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Tip assets	3,338	(94)	3,244	–	–	–	(67)	–	–	3,339	(162)	3,177
Total infrastructure, property, plant and equipment	682,878	(239,414)	443,464	15,527	3,638	(179)	(8,283)	–	580	700,170	(245,423)	454,747

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

C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

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

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

Useful lives of IPPE

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

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

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 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 Planning, Industry and Environment - Water.

Increases in the carrying amount arising on revaluation are credited to the IPPE 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 the IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

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

C1-6 Infrastructure, property, plant and equipment (continued)

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.

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

Rural Fire Service assets

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

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

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/22			as at 30/06/21		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
Water supply						
WIP	1,107	–	1,107	3,872	–	3,872
Plant and equipment	43	18	25	43	16	27
Infrastructure	69,788	32,419	37,369	58,394	27,722	30,672
Total water supply	70,938	32,437	38,501	62,309	27,738	34,571
Sewerage services						
WIP	3,428	–	3,428	4,979	–	4,979
Land						
– Improvements – depreciable	13	8	5	13	8	5
Infrastructure	44,872	19,415	25,457	47,306	28,953	18,353
Total sewerage services	48,313	19,423	28,890	52,298	28,961	23,337
Total restricted infrastructure, property, plant and equipment	119,251	51,860	67,391	114,607	56,699	57,908

C1-7 Intangible assets

Intangible assets are as follows:

	2022 \$ '000	2021 \$ '000
Goodwill		
Opening values at 1 July		
Gross book value	184	184
Net book value – opening balance	184	184
Closing values at 30 June		
Gross book value	184	184
Total Goodwill – net book value	184	184
Total intangible assets – net book value	184	184

Accounting policy

Intangible Assets

An intangible asset is an identifiable, non-monetary asset without physical substance. The identifiable criterion is met when the intangible asset is separable (ie it can be sold, transferred or licenced), or where it arises from contractual or other legal rights.

Acquired intangible assets

Intangible assets are measured initially at cost. Cost includes (a) the fair value of the consideration given to acquiring the asset; and (b) any costs directly attributable to the transaction, such as relevant professional fees or taxes.

Subsequent measurement

Intangible assets with definite useful lives are considered for impairment where there is an indication that the asset has been impaired. Intangible assets with indefinite useful lives should be tested annually for impairment, as well as whenever there is an indication of impairment.

C2 Leasing activities

C2-1 Council as a lessee

Council currently has no leases in place.

Leases at significantly below market value – concessionary / peppercorn leases

Council has no leases that are significantly below market value.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E in the Statement of Financial Position.

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

	2022 \$ '000	2021 \$ '000
Lease income (excluding variable lease payments not dependent on an index or rate)	47	52
Total income relating to operating leases for investment property assets	47	52

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	100	98
1–2 years	102	100
2–3 years	104	102
3–4 years	106	104
4–5 years	108	106
> 5 years	570	564
Total undiscounted lease payments to be received	1,090	1,074

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term.

C3 Liabilities of Council

C3-1 Payables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Accrued expenses:				
– Borrowings	10	–	10	–
– Salaries and wages	144	–	116	–
– Other expenditure accruals	1,308	–	1,816	–
Trust account – money held in trust	823	–	631	–
Prepaid rates	390	–	332	–
Total payables	2,675	–	2,905	–

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

		2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	5,861	–	5,779	–
Total grants received in advance		5,861	–	5,779	–
User fees and charges received in advance:					
Other - Cemeteries Deposits	(ii)	550	–	539	–
Total user fees and charges received in advance		550	–	539	–
Total contract liabilities		6,411	–	6,318	–

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) Council has received funds for Cemeteries Reservations prior to the satisfaction of the performance obligations.

Contract liabilities relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Unspent grants held as contract liabilities (excl. Water & Sewer)	5,861	–	5,779	–
Contract liabilities relating to externally restricted assets	5,861	–	5,779	–
Cemeteries Deposits	550	–	539	–
Contract liabilities relating to internally restricted assets	550	–	539	–
Total contract liabilities relating to restricted assets	6,411	–	6,318	–
Total contract liabilities	6,411	–	6,318	–

Significant changes in contract liabilities

Council has received significant grant funding in advance during 2021/22 from the following funding programs:

- Crown Reserves Improvement Fund
- NSW Fixing Local Roads
- Local Roads and Community Infrastructure
- Stronger Country Communities Fund Round
- Resources for Regions

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Loans – secured ¹	780	7,016	499	5,522
Total borrowings	780	7,016	499	5,522

(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 18.

Borrowings relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Externally restricted assets				
Sewer	70	611	69	681
Borrowings relating to externally restricted assets	70	611	69	681
Total borrowings relating to restricted assets	70	611	69	681
Total borrowings relating to unrestricted assets	710	6,405	430	4,841
Total borrowings	780	7,016	499	5,522

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	6,021	(625)	2,400	–	–	–	7,796
Total liabilities from financing activities	6,021	(625)	2,400	–	–	–	7,796

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	4,294	(273)	2,000	–	–	–	6,021
Total liabilities from financing activities	4,294	(273)	2,000	–	–	–	6,021

(b) Financing arrangements

	2022 \$ '000	2021 \$ '000
Total facilities		
Credit cards/purchase cards	40	40
Bank Guarantee	54	54
Total financing arrangements	94	94
Undrawn facilities		
– Credit cards/purchase cards	40	40
– Bank Guarantee	54	54
Total undrawn financing arrangements	94	94

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans are secured over future cash flows.

Bank overdrafts

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Annual leave	907	–	915	–
Long service leave	1,112	152	1,179	241
Gratuities	124	–	169	–
Total employee benefit provisions	2,143	152	2,263	241

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

	2022 \$ '000	2021 \$ '000
--	-----------------	-----------------

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

Provisions – employees benefits	1,037	1,132
	1,037	1,132

Description of and movements in provisions

	ELE provisions			
	Annual leave \$ '000	Long service leave \$ '000	Gratuities \$ '000	Total \$ '000
2022				
At beginning of year	915	1,420	169	2,504
Additional provisions	666	114	–	780
Amounts used (payments)	(674)	(270)	(37)	(981)
Remeasurement effects	–	–	(8)	(8)
Total ELE provisions at end of year	907	1,264	124	2,295
2021				
At beginning of year	922	1,355	171	2,448
Additional provisions	615	179	–	794
Amounts used (payments)	(622)	(114)	(2)	(738)
Total ELE provisions at end of year	915	1,420	169	2,504

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

C3-4 Employee benefit provisions (continued)

On-costs

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

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

C3-5 Provisions

	2022 Current \$ '000	2022 Non-Current \$ '000	2021 Current \$ '000	2021 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	2,713	–	2,596
Sub-total – asset remediation/restoration	–	2,713	–	2,596
Total provisions	–	2,713	–	2,596
Total provisions relating to unrestricted assets	–	2,713	–	2,596
Total provisions	–	2,713	–	2,596

Description of and movements in provisions

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
2022		
At beginning of year	2,596	2,596
Unwinding of discount	117	117
Total other provisions at end of year	2,713	2,713
2021		
At beginning of year	2,484	2,484
Unwinding of discount	112	112
Total other provisions at end of year	2,596	2,596

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the Buronga Landfill.

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production

C3-5 Provisions (continued)

rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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

C4 Reserves

C4-1 Nature and purpose of reserves

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

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
Income from continuing operations			
Rates and annual charges	6,482	1,301	1,746
User charges and fees	8,028	1,572	–
Interest and investment revenue	175	72	33
Other revenues	1,443	9	1
Grants and contributions provided for operating purposes	12,112	18	17
Grants and contributions provided for capital purposes	8,024	356	335
Other income	131	–	–
Total income from continuing operations	36,395	3,328	2,132
Expenses from continuing operations			
Employee benefits and on-costs	8,862	595	208
Materials and services	9,949	979	307
Borrowing costs	303	–	13
Depreciation, amortisation and impairment of non-financial assets	6,985	712	768
Other expenses	375	81	68
Net losses from the disposal of assets	78	–	–
Share of interests in joint ventures and associates using the equity method	195	–	–
Total expenses from continuing operations	26,747	2,367	1,364
Operating result from continuing operations	9,648	961	768
Net operating result for the year	9,648	961	768
Net operating result attributable to each council fund	9,648	961	768
Net operating result for the year before grants and contributions provided for capital purposes	1,624	605	433

D1-2 Statement of Financial Position by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	(8,958)	10,456	4,210
Investments	38,000	–	–
Receivables	2,937	1,200	354
Inventories	224	–	–
Other	211	–	–
Total current assets	32,414	11,656	4,564
Non-current assets			
Infrastructure, property, plant and equipment	444,009	38,501	28,891
Investments accounted for using the equity method	945	–	–
Intangible assets	184	–	–
Total non-current assets	445,138	38,501	28,891
Total assets	477,552	50,157	33,455
LIABILITIES			
Current liabilities			
Payables	2,675	–	–
Contract liabilities	6,411	–	–
Borrowings	710	–	70
Employee benefit provision	2,143	–	–
Total current liabilities	11,939	–	70
Non-current liabilities			
Borrowings	6,405	–	611
Employee benefit provision	152	–	–
Provisions	2,713	–	–
Total non-current liabilities	9,270	–	611
Total liabilities	21,209	–	681
Net assets	456,343	50,157	32,774
EQUITY			
Accumulated surplus	65,081	21,601	8,358
Revaluation reserves	391,262	28,556	24,416
Council equity interest	456,343	50,157	32,774
Total equity	456,343	50,157	32,774

D2 Interests in other entities

	Council's share of net assets	
	2022	2021
	\$ '000	\$ '000
Council's share of net income		
Net share of interests in joint ventures and associates using the equity method – expenses		
Joint ventures	195	219
Total net share of interests in joint ventures and associates using the equity method – expenses	195	219
Total Council's share of net income	(195)	(219)
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	945	1,140
Total net share of interests in joint ventures and associates using the equity method – assets	945	1,140
Total Council's share of net assets	945	1,140

D2-1 Interests in joint arrangements

Material joint ventures

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

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

The FWJO is a separately constituted entity pursuant to Part 7 (Sections 400O to 400ZH) of the Local Government Act (NSW) 1993, as amended and the Local Government (General) Regulation 2008.

The FWJO has the same year end date as the Council.

The principal functions of the Far West Joint Organisation will be to:

1. Establish strategic regional priorities for the joint organisation area and develop strategies and plans for delivering these priorities;
2. Provide regional leadership for the joint organisation area and to be an advocate for strategic regional priorities;
3. Identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area;
4. Enhancing strategic capacity to support member councils to deliver services to their communities; and
5. Service delivery to provide services directly to communities in the region.

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

FWJO comprises the Councils of the Shires of Balranald, Broken Hill, Central Darling and Wentworth. The Board of the FWJO comprises 4 voting members being the Mayors of the four member Councils, and non-voting members being the General Managers of the four member Councils, as well as three appointed members from the State Government and Cabinet (non-voting).

Wentworth Shire Council as a member of the FWJO, has a one quarter voting right (25%) in respect to the decisions of the Board.

For the 2021/2022 year, member Councils were required to make a \$15,000 contribution to the FWJO.

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

The FWJO has contracted the Executive Officer role to Broken Hill City Council.

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

D2-1 Interests in joint arrangements (continued)

Far West Joint Organisation 2022	
Equity Method	\$'000
Summarised Statement of Financial Position	
Current assets	3,745
Non-current assets	-
Current liabilities	18
Non-current liabilities	-
Net assets	3,726
Summarised Statement of Income and other Comprehensive Income	
Grant funding	60
Interest income	2
Gain on Disposal	-
Total Income from Continuing Operations	62
Employee benefits	-
Borrowing costs	-
Depreciation and amortisation	-
Administration expense	(862)
Other expenses	(2)
Total Expense from Continuing Operations	(864)
Profit/(loss) from continuing operations	(801)
Other Comprehensive Income	-
Total Comprehensive Income	(801)
Summarised Statement of Cash Flows	
Cash flows from operating activities	(859)
Cash flows from investing activities	-
Cash flows from financing activities	-
Net Increase/(Decrease) in cash and cash equivalents	(859)
Reconciliation of carrying amount of interest in the joint arrangement to summarised financial information for FWJO accounted for using the Equity method:	
Wentworth Shire Council's share of 25% of Net Assets	945
Carrying amount	945

D2-1 Interests in joint arrangements (continued)

Joint arrangement

Principal activity	Place of business	Interest in ownership		Interest in voting		
		2022	2021	2022	2021	
Council is involved in the following joint arrangement						
Name of joint arrangement:						
Far West Joint Organisation	Local Government Joint Arrangement	240 Blende St Broken Hill NSW 2880	25%	25%	25%	25%

Accounting policy

The council has determined that it has a joint arrangement with Balranald Council, Broken Hill Council and Central Darling Council in the Far West Joint Organisation.

Interest in joint arrangements are accounted for using the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures.

Under this method, the investment is initially recognised as at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. If the Council's share of losses of a joint arrangement equals or exceeds its interest in the joint arrangement, the Council discontinues recognising its share of further losses.

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

Adjustments are made to the joint arrangements accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

	Carrying value 2022 \$ '000	Carrying value 2021 \$ '000	Fair value 2022 \$ '000	Fair value 2021 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	5,708	12,393	5,708	12,393
Receivables	4,491	3,985	4,491	3,985
Investments				
– Debt securities at amortised cost	38,000	26,000	38,000	26,000
Total financial assets	48,199	42,378	48,199	42,378
Financial liabilities				
Payables	2,675	2,905	2,675	2,905
Loans/advances	7,796	6,021	7,796	6,021
Total financial liabilities	10,471	8,926	10,471	8,926

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

Council's finance area manages the cash and investments portfolio.

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

The risks associated with the instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

	2022 \$ '000	2021 \$ '000
<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	437	384

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

(b) Credit risk

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

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2022				
Gross carrying amount	–	1,019	144	1,163
2021				
Gross carrying amount	–	1,010	63	1,073

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.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts 31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	Total \$ '000
2022						
Gross carrying amount	3,218	8	–	4	138	3,368
Expected loss rate (%)	0.00%	1.92%	1.00%	22.00%	28.00%	1.18%
ECL provision	–	–	–	1	39	40
2021						
Gross carrying amount	2,393	158	–	–	486	3,037
Expected loss rate (%)	0.03%	1.92%	6.51%	76.14%	24.87%	4.10%
ECL provision	1	3	–	–	121	125

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.

	Weighted average interest rate %	Subject to no maturity \$ '000	≤ 1 Year \$ '000	payable in: 1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2022							
Payables	0.00%	823	1,852	–	–	2,675	2,675
Borrowings	2.74%	–	1,071	4,784	6,109	11,964	7,796
Total financial liabilities		<u>823</u>	<u>2,923</u>	<u>4,784</u>	<u>6,109</u>	<u>14,639</u>	<u>10,471</u>
2021							
Payables	0.00%	631	2,274	–	–	2,905	2,905
Borrowings	2.80%	–	927	5,631	6,108	12,666	6,021
Total financial liabilities		<u>631</u>	<u>3,201</u>	<u>5,631</u>	<u>6,108</u>	<u>15,571</u>	<u>8,926</u>

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
- Financial assets and liabilities

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	C1-6								
Plant and equipment		30/06/19	30/06/19	—	—	8,706	7,973	8,706	7,973
Office equipment		30/06/19	30/06/19	—	—	582	446	582	446
Furniture and fittings		30/06/19	30/06/19	—	—	16	11	16	11
Swimming Pools		30/06/22	30/06/18	—	—	1,946	1,724	1,946	1,724
Operational land		30/06/20	30/06/20	—	—	4,057	4,057	4,057	4,057
Community Land		30/06/20	30/06/20	—	—	7,228	7,287	7,228	7,287
Land improvements – depreciable		30/06/22	30/06/18	—	—	10,935	5,059	10,935	5,059
Buildings		30/06/22	30/06/18	—	—	39,887	34,416	39,887	34,416
Other structures		30/06/22	30/06/18	—	—	4,580	3,481	4,580	3,481
Roads, Bridges, Bulk Earthworks & Land Under Roads		30/06/22	30/06/20	—	—	325,374	286,764	325,374	286,764
Footpaths		30/06/22	30/06/20	—	—	3,917	3,188	3,917	3,188
Stormwater drainage		30/06/22	30/06/17	—	—	15,568	15,221	15,568	15,221
Water supply network		30/06/22	30/06/17	—	—	37,369	30,672	37,369	30,672
Sewerage network		30/06/22	30/06/17	—	—	25,457	18,353	25,457	18,353
Other recreational assets		30/06/22	30/06/18	—	—	503	189	503	189
Library books		30/06/20	30/06/20	—	—	163	144	163	144
Other Infrastructure		30/06/22	30/06/20	—	—	11,645	10,486	11,645	10,486
Tip Assets		30/06/20	30/06/20	—	—	3,111	3,177	3,111	3,177
Total infrastructure, property, plant and equipment				—	—	501,044	432,648	501,044	432,648

Non-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 & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the values of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Operational Land comprises all of Council land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2020 using the values provided by the NSW Valuer General's Office. Generally, fair value is the most advantageous price reasonably obtained by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intended to replace the asset, the remaining useful life and condition of the asset; and cash flows from future use and disposal.

Valuations of all Council's Community Land are based on the land values provided by the NSW Valuer General's Office. As these values are not considered to be observable market evidence they have been classified as Level 3. Community Land was revalued as at 30 June 2020.

Depreciable Land Improvements comprises land improvements such as spectator mounds, gardens, mulched areas streetscaping and landscaping. These assets may be located on parks, reserves and within road reserves. They were last revalued at 30 June 2018 by Asset Val Pty Ltd. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period. Due to the large increase in inflation and other input costs Council undertook a desktop valuation as at 30 June 2022 on this class of assets.

Buildings were valued by Asset Val Pty Ltd at 30 June 2018 using the cost approach. The approach estimated the replacement cost of each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period. Due to the large increase in inflation and other input costs during the 2021-2022 Financial year Council undertook a desktop valuation as at 30 June 2022 on this class of assets.

Other Structures comprises lighting systems, shade sails, shelters, tennis and netball courts, bbqs, etc. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period. These assets were valued by Asset Val Pty Ltd at 30 June 2018. Due to the large increase in inflation and other inputs during the 2021-2022 Financial year Council undertook a desktop valuation as at 30 June 2022 on this class of assets..

Roads comprises the road carriageway, bus shelters, carparks, guardrails, kerb & guttering, boat ramps, wharfs and traffic facilities. The road carriage way is defined as the trafficable portion of a road, between but not including the kerb & gutter. The cost approach using Level 3 inputs was used to value the road carriage way and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were internally valued by Council Officers at 30 June 2020. The cost approach was utilised with inputs such as estimates of patterns of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Due to the large increase in inflation and other input costs during the 2021-2022 Financial year Council undertook a desktop valuation as at 30 June 2022 on this class of assets.

Footpaths were internally valued by Council Officers at 30 June 2020 using a cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally assessed using physical inspections. Condition information is updated as changes in the network are observed through regular inspections. There has been no change to the valuation process during the reporting period. Due to the large increase in inflation and other input costs during the 2021-2022 Financial year Council undertook a desktop valuation as at 30 June 2022 on this class of assets.

Stormwater Drainage assets comprises pits, pipes, headwalls, gross pollutant traps and various types of water quality devices. The cost approach estimated the replacement cost of each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with

E2-1 Fair value measurement (continued)

OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Accordingly due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no changes to the valuation process during the reporting period. These assets were valued by Marsh Valuations (formally Asset Val Pty Ltd at 30 June 2022).

Sewerage Network and Water Supply Network assets comprises pump stations, reservoirs, treatment plants, reticulation mains, trunk mains, manholes, rising mains, pipes, valves, hydrants, standpipes. The cost approach estimated the replacement cost of each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Accordingly due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no changes to the valuation process during the reporting period. These assets were valued by Marsh Valuation (formally Asset Val Pty Ltd) at 30 June 2022.

Swimming pools were valued by Asset Val Pty Ltd at 30 June 2018 using the cost approach. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period. Due to the large increase in inflation during the 2021-2022 Financial year Council undertook a desktop valuation as at 30 June 2022 on this class of assets.

Other Open Space/Recreational Assets include all of Council's playground equipment. They were valued by Asset Val Pty Ltd at 30 June 2018 using the cost approach. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period. Due to the large increase in inflation and other input costs during the 2021-2022 Financial year Council undertook a desktop valuation as at 30 June 2022 on this class of assets.

Bridges were valued by Marsh Valuation (formally Asset Val Pty Ltd) at 30 June 2020 using a cost approach. Bridges were originally assessed using physical inspections. Condition information is updated as changes in the condition are observed through regular inspections. There has been no change to the valuation process during the reporting period. Due to the large increase in inflation during the 2021-2022 Financial year Council undertook a desktop valuation as at 30 June on this class of assets.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	7,973	6,541	446	464	11	16	4,057	4,057
Total gains or losses for the period								
Other movements								
Purchases (GBV)	2,099	1,577	204	44	9	—	—	—
Disposals (WDV)	(74)	(179)	—	—	—	—	—	—
Depreciation and impairment	(1,292)	(1,029)	(68)	(62)	(4)	(5)	—	—
Closing balance	8,706	7,973	582	446	16	11	4,057	4,057

	Library books		Community land		Land imp'mts depreciable		Buildings	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	144	132	7,287	7,250	5,059	3,984	34,416	33,354
Total gains or losses for the period								
Other movements								
Purchases (GBV)	44	42	—	37	5,336	1,328	452	1,969
Other movement (revaluation)	—	—	—	—	829	—	5,940	—
Disposals (WDV)	—	—	(59)	—	—	—	—	—
Depreciation and impairment	(25)	(30)	—	—	(289)	(253)	(921)	(907)
Closing balance	163	144	7,228	7,287	10,935	5,059	39,887	34,416

E2-1 Fair value measurement (continued)

	Other structures		Roads		Footpaths		Stormwater drainage	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	3,481	3,480	286,764	287,643	3,188	2,972	15,221	14,816
Total gains or losses for the period								
Other movements								
Purchases (GBV)	749	217	11,282	2,645	446	273	753	477
Other movement (revaluation)	570	–	30,862	–	345	–	(181)	144
Depreciation and impairment	(220)	(216)	(3,544)	(3,524)	(62)	(57)	(225)	(216)
Closing balance	4,580	3,481	325,374	286,764	3,917	3,188	15,568	15,221

	Water supply network		Sewerage network		Swimming pools		Open space	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	30,672	29,904	18,353	18,701	1,724	1,671	189	248
Total gains or losses for the period								
Other movements								
Purchases (GBV)	3,439	1,176	2,354	240	–	118	347	–
Other movement (revaluation)	3,968	273	5,518	163	282	–	24	–
Depreciation and impairment	(710)	(681)	(768)	(751)	(60)	(65)	(57)	(59)
Closing balance	37,369	30,672	25,457	18,353	1,946	1,724	503	189

E2-1 Fair value measurement (continued)

	Other Infrastructure		Tip Assets		Total	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Opening balance	10,486	10,640	3,177	3,244	432,648	429,117
Purchases (GBV)	–	–	–	–	27,514	10,143
Other movement (revaluation)	1,313	–	–	–	49,470	580
Disposals (WDV)	–	–	–	–	(133)	(179)
Depreciation and impairment	(154)	(154)	(66)	(67)	(8,465)	(8,076)
Closing balance	11,645	10,486	3,111	3,177	501,044	432,648

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

Description of the funding arrangements.

Pooled employers are required to pay future service employer contributions and past service employer contributions to the fund.

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

Division B	1.90 times employee contributions for non - 180 Point Members; Nil for 180 Point Members*
Division C	2.50% salaries
Division D	1.64 times employee contributions

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40 million per annum from 1 July 2019 to 31 December 2021, and \$20 million per annum for 1 January 2022 to 31 December 2024 apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$84,512.19. The last valuation of the fund was undertaken by Mr Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above was \$40 million until 31 December 2021 and \$20 million per annum thereafter. Council's expected contribution to the plan for the next annual reporting period is \$43,991.28.

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

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

* excluding other accumulation accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.18%

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	5.50% per annum
Salary inflation	3.50% per annum
Increase in CPI	2.50% 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. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2022 \$ '000	2021 \$ '000
Compensation:		
Short-term benefits	1,345	1,464
Post Employment Benefits	143	139
Termination benefits	17	3
Total	1,505	1,606

Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2022						
Purchase of Heavy Plant, Parts and Service of Heavy Plant	1	24	1		-	-
Fees and Charges	3	13	-		-	-
Employee Remuneration relating to a close family member of a KMP	5	94	-		-	-
Supply of Hardware Materials	6	1	-		-	-
Donations, Grants and Contributions	7	11	-		-	-
Tree/Weed Removal, Construction and Demolition work	8	42	-		-	-
Document Destruction Services, Native Nursery & Employment	10	4	-		-	-
Cleaning Services	11	72	-		-	-
Construction Works	12	55	-		-	-
Maintenance & Construction Works	13	63	-		-	-
Construction Works & Supply of Material	14	674	-		-	-

continued on next page ...

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

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
Contribution to Building Construction	15	193	–		–	–
Contribution to Publication	16	31	–		–	–

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

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2021						
Purchase of Heavy Plant, Parts and Service of Heavy Plant	1	571	480		—	—
Property Management Fees	2	1	—		—	—
Fees and Charges	3	16	—		—	—
Contribution to Operating Costs	4	—	4		—	—
Employee Remuneration relating to a close family member of a KMP	5	95	—		—	—
Supply of Hardware Materials	6	1	—		—	—
Donations, Grants and Contributions	7	10	—		—	—
Tree/Weed Removal, Construction and Demolition work	8	18	—		—	—
Cleaning Services	9	79	—		—	—
Document Destruction Services, Native Nursery & Employment	10	4	—		—	—
Contribution to Publication	16	—	—		—	—

- 1 Council purchases heavy plant, parts and has heavy plant serviced by William Adams Pty Ltd and Mildura Truck Centre Pty Ltd, companies that employee close family members of Council KMP's. Purchase of plant, services and spare parts are billed based on normal rates for such supplies and are due and payable under normal payment terms following Council's procurement process.
- 2 Council has an investment property that is managed by Elstone Agencies Pty Ltd, a company directly controlled by a Council KMP. Commission was paid under standard industry terms following Council's procurement process
- 3 Fees were received in relation to the purchase of supplies from Council's store by the Wentworth Golf Club, an organisation that is jointly controlled by a Council KMP. Licence Fees for the use of a Crown Reserve for which Council is the Crown Land Manager was received from Wentworth Golf Club, an organisation that is jointly controlled by a Council KMP. Fees and Charges for Food Premises Inspections, Waste Disposal and the hire of Council parks was received by the Coomealla Memorial Sporting Club, an organisation that is jointly controlled by a Council KMP. Licence fees for the use of a Crown Reserve which Council is the Crown Land Manager from the Coomealla Memorial Sporting Club, an organisation that is jointly controlled by a Council KMP. Fees and Charges for Food Premises Inspections was received by the Gol Gol Hotel, a business that the spouse of a Council KMP is a member. Premises Inspection Fee was received from the Commealla Fuel Station, an organisation that is jointly controlled by a Council KMP. Hire Fees for the use of Council facilities were received from Murray House an organisation that is jointly controlled by a Council KMP. Licence Fee for the use of a Crown Reserve was received from Wentworth Regional Community Association, an organisation that is jointly controlled by a Council KMP. Planning Fees were received from the Greater Murray Darling Junction Inc, an organisation that is jointly controlled by a Council KMP. Licence Fees for the use of a Crown Reserve was received from Wentworth District Community Medical Inc, an organisation that is jointly controlled by a Council KMP. Licence Fee for the use of a Crown Reserve was received from the Wentworth Bowls Club, an organisation jointly controlled by a Council KMP.
- 4 An outstanding amount is owed to Council by Wentworth Cruises, a business that employees a Council KMP and is jointly controlled by a Council KMP. The amount is a contribution to the operating costs of a Crown Reserve which Council is the Crown Land Manager.
- 5 A close family member of a Council KMP's are employed by Council under the Local Government State Award on an arm's length basis.
- 6 Council purchases hardware supplies from Wheeldon's Hardware, a business directly controlled by a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.

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

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- | | |
|----|---|
| 7 | Council approved Donations and Contributions to Wentworth Rotary Club, Murray House Aged Care, Wentworth Pioneer Homes, Wentworth Regional Community Association, Greater Murray Darling Junction Inc and Wentworth District Community Medical Inc as part of Council's annual Donations, Grants and Contributions program. All of these organisations are jointly controlled by Council KMP's. |
| 8 | Council incurred transactions during the year with XCAV8IT, a business that is directly controlled by a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. |
| 9 | Council incurred transactions with Wally Green's Hygiene & Cleaning Services, a business that employees a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. |
| 10 | Council incurred transactions with the Christie Centre Inc, an organisation that is jointly controlled by a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. The Christie Centre also employs a close family member of a Council KMP. |
| 11 | Council incurred transactions with KNH Cleaning Services, a business owned by a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. |
| 12 | Council incurred transactions with Mallee Sheds a family owned company of a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. |
| 13 | Council incurred transactions with Stockman's Plumbing a family owned company of a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. |
| 14 | Council incurred transactions with Waters Excavations Pty Ltd, a company owned by close family members of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. |
| 15 | Dareton Men in a Shed is jointly controlled by a close family member of a Council KMP. Council has assisted the organisation in securing funding to construct a new shed to operate from. Payments from Council to the organisation are being made in line with the payment schedule outlined in the funding agreement between Council and the funding provider. |
| 16 | Wentworth Regional Tourism Inc is an organisation that is jointly controlled by a Council KMP. Council made a contribution to the organisation to assist in the production of the 2022 Wentworth Official Visitors Guide. The contribution was made to help assist in the post Covid economic recovery for the local government area. |

F1-2 Councillor and Mayoral fees and associated expenses

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

Mayoral fee	25	27
Councillors' fees	98	101
Other Councillors' expenses (including Mayor)	77	70
Total	200	198

F1-3 Other related parties

- 1 Council is a member of the Far West Joint Organisation of Councils (FWJO). Council was required to make a \$15,000 contribution to the FWJO during 2021/2022

F2 Other relationships

F2-1 Audit fees

	2022 \$ '000	2021 \$ '000
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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:

Audit and other assurance services

Audit and review of financial statements	60	72
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Remuneration for audit and other assurance services	60	72
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Total Auditor-General remuneration	60	72
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Total audit fees	60	72
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G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of net operating result to cash provided from operating activities

	2022 \$ '000	2021 Restated \$ '000
Net operating result from Income Statement	11,377	12,321
Add / (less) non-cash items:		
Depreciation and amortisation	8,465	8,283
(Gain) / loss on disposal of assets	78	(135)
Non-cash capital grants and contributions	(701)	(1,113)
Unwinding of discount rates on reinstatement provisions	117	112
Share of net (profits)/losses of associates/joint ventures using the equity method	195	219
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(421)	1,828
Increase / (decrease) in provision for impairment of receivables	(85)	10
(Increase) / decrease of inventories	(58)	36
(Increase) / decrease of other current assets	(55)	57
Increase / (decrease) in other accrued expenses payable	(201)	(831)
Increase / (decrease) in other liabilities	250	109
Increase / (decrease) in contract liabilities	93	5,262
Increase / (decrease) in employee benefit provision	(209)	56
Net cash flows from operating activities	18,845	26,214

(b) Non-cash investing and financing activities

Bushfire assets	551	—
Developer contributions 'in kind'	150	1,113
Total non-cash investing and financing activities	701	1,113

G2-1 Commitments

Capital commitments (exclusive of GST)

	2022 \$ '000	2021 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	597	1,516
Buildings	1,014	123
Plant and equipment	1,246	1,343
Other	1,256	1,648
Road infrastructure	2,953	763
Total commitments	7,066	5,393
These expenditures are payable as follows:		
Within the next year	7,066	5,393
Total payable	7,066	5,393
Sources for funding of capital commitments:		
Unrestricted general funds	4,914	1,771
Future grants and contributions	–	871
Unexpended grants	1,625	659
Externally restricted reserves	378	751
Unexpended loans	149	441
New loans (to be raised)	–	900
Total sources of funding	7,066	5,393

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

During the year Council received a full list of applicable "red fleet" assets allocated to the Wentworth Shire Council Local Government Area from the Rural Fire Service. Based on this a revaluation of the Current Replacement Costs and Written Down Values was undertaken and compared to current actual figures in Council's General Ledger. This resulted in additional asset values being recognised.

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.

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

Statement of Financial Position

	Original Balance 1 July, 2020 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2020 \$ '000
Infrastructure, property, plant and equipment	442,194	1,270	443,464
Total assets	478,393	1,270	479,663
Total liabilities	14,137	–	14,137
Accumulated surplus	70,072	1,270	71,342
Total equity	464,256	1,270	465,526

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

Statement of Financial Position

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
Infrastructure, property, plant and equipment	453,683	1,064	454,747
Total assets	497,707	1,064	498,771
Total liabilities	20,344	–	20,344
Accumulated surplus	82,599	1,064	83,663
Total equity	477,363	1,064	478,427

Income Statement

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
Total income from continuing operations	40,306	–	40,306
Depreciation, amortisation and impairment for non-financial assets	8,077	206	8,283
Total expenses from continuing operations	27,779	206	27,985
Net operating result for the year	12,527	(206)	12,321

G4-1 Correction of errors (continued)**Statement of Comprehensive Income**

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
Net operating result for the year	12,527	(206)	12,321
Total comprehensive income for the year	13,107	(206)	12,901

G5 Statement of developer contributions as at 30 June 2022

G5-1 Summary of developer contributions

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
Development Contribution Plan	180	27	–	1	–	–	208	–
Service Plan # 2	483	7	–	2	–	–	492	–
S7.11 contributions – under a plan	663	34	–	3	–	–	700	–
Total S7.11 and S7.12 revenue under plans	663	34	–	3	–	–	700	–
Total contributions	663	34	–	3	–	–	700	–

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

G5-2 Developer contributions by plan

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
CONTRIBUTION PLAN 1								
Development Contribution Plan	180	27	–	1	–	–	208	–
Service Plan # 2	483	7	–	2	–	–	492	–
Total	663	34	–	3	–	–	700	–

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 20212020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,851	8.62%	2.39%	(2.25)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	33,056				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	20,909	50.06%	44.97%	49.49%	> 60.00%
Total continuing operating revenue ¹	41,771				
3. Unrestricted current ratio					
Current assets less all external restrictions	23,984	4.76x	3.79x	3.48x	> 1.50x
Current liabilities less specific purpose liabilities	5,041				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11,632	12.36x	14.41x	18.86x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	941				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,406	12.86%	12.95%	11.42%	< 10.00%
Rates and annual charges collectable	10,935				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	43,708	20.95 months	20.14 months	15.55 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,086				

(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}	5.60%	(1.29)%	26.60%	20.84%	24.10%	21.04%	> 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	43.80%	39.48%	96.91%	75.32%	83.49%	76.31%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.76x	3.79x	∞	∞	65.20x	56.52x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9.55x	10.69x	∞	∞	93.38x	1,132.00x	> 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	17.82%	8.53%	0.00%	26.59%	0.00%	14.95%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	13.92 months	15.91 months	∞	48.88 months	∞	30.35 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

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

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Financial review

Key financial figures of Council over the past 5 years

	2022 \$ '000	2021 \$ '000	2020 \$ '000	2019 \$ '000	2018 \$ '000
Inflows:					
Rates and annual charges revenue	9,529	9,164	8,822	8,635	8,265
User charges revenue	9,600	7,582	7,798	5,422	6,759
Interest and investment revenue (losses)	280	245	586	886	765
Grants income – operating and capital	20,828	22,088	18,463	10,992	9,328
Total income from continuing operations	41,855	40,306	36,921	33,994	28,400
Sale proceeds from IPPE	272	314	279	440	710
New loan borrowings and advances	2,400	2,000	–	–	–
Outflows:					
Employee benefits and on-cost expenses	9,665	8,792	8,790	9,280	8,791
Borrowing costs	316	375	206	216	191
Materials and contracts expenses	11,235	9,553	10,623	5,464	6,573
Total expenses from continuing operations	30,478	27,985	29,286	27,534	26,419
Total cash purchases of IPPE	15,577	18,280	15,711	11,288	10,465
Total loan repayments (incl. finance leases)	625	273	245	240	286
Operating surplus/(deficit) (excl. capital income)	2,662	597	(665)	(84)	476
Financial position figures					
Current assets	48,634	42,700	34,656	34,146	33,272
Current liabilities	12,009	11,985	7,385	4,381	4,391
Net current assets	36,625	30,715	27,271	29,765	28,881
Available working capital (Unrestricted net current assets)	6,740	4,675	4,813	5,474	8,216
Cash and investments – unrestricted	6,523	5,284	4,337	4,633	5,297
Cash and investments – internal restrictions	14,089	10,928	10,583	11,199	10,767
Cash and investments – total	43,708	38,393	28,418	30,327	28,281
Total borrowings outstanding (loans, advances and finance leases)	7,796	6,021	4,294	4,539	4,779
Total value of IPPE (excl. land and earthworks)	551,096	497,778	473,938	447,222	432,236
Total accumulated depreciation	263,169	245,423	234,023	223,148	214,659
Indicative remaining useful life (as a % of GBV)	52%	51%	50%	50%	50%

Source: published audited financial statements of Council (current year and prior year)

H1-2 Council information and contact details

Principal place of business:

26-28 Adelaide Street
Wentworth NSW 2648

Contact details

Mailing Address:

PO Box 81
Wentworth NSW 2648

Telephone: 03 5027 5027

Facsimile: 03 5027 5000

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: www.wentworth.nsw.gov.au

Email: council@wentworth.nsw.gov.au

Officers

General Manager

Ken Ross

Responsible Accounting Officer

Simon Rule

Public Officer

Simon Rule

Auditors

Audit Office of NSW
Darling Park Tower 2, Level 19
201 Sussex Street
Sydney NSW 2000

Elected members

MAYOR

Susan Nichols (01/07/2021 - 04/11/2021)

Tim Elstone (6/01/2022 - 30/06/2022)

COUNCILLORS

Brian Beaumont (06/01/2022-30/06/2022)

Steve Cooper (06/01/2022-30/06/2022)

Peter Crisp (06/01/2022-30/06/2022)

Tim Elstone (01/07/2021-04/11/2021)

Greg Evans (01/07/2021 - 04/11/2021 &
06/01/2022-19/06/2022)

Steve Heywood (01/07/2021 - 04/11/2021 &
06/01/2022-30/06/2022)

Daniel Linklater (06/01/2022-30/06/2022)

Jane MacAllister (01/07/2021 - 04/11/2021)

Don McKinnon (01/07/2021 - 04/11/2021)

Susan Nichols (06/01/2022-30/06/2022)

Peter Nunan (01/07/2021-04/11/2022)

Jo Rodda (06/01/2022-30/06/2022)

Bill Wheeldon (01/07/2021-04/11/2022)

Other information

ABN: 96 283 886 815



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Wentworth Shire Council

To the Councillors of Wentworth Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Manuel Moncada
Delegate of the Auditor-General for New South Wales

14 November 2022
SYDNEY



Cr Tim Elstone
Mayor
Wentworth Shire Council
PO Box 81
WENTWORTH NSW 2648

Contact: Manuel Moncada
Phone no: 02 9275 7333
Our ref: D2224222/1806

14 November 2022

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2022	2021*	Variance
	\$m	\$m	%
Rates and annual charges revenue	9.53	9.16	4.0
Grants and contributions revenue	20.86	22.11	5.7
Operating result from continuing operations	11.38	12.32	7.6
Net operating result before capital grants and contributions	2.66	0.60	343

* The 2021 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.

Rates and annual charges revenue (\$9.53 million) increased by \$365,000 (4 per cent) in 2021–2022.

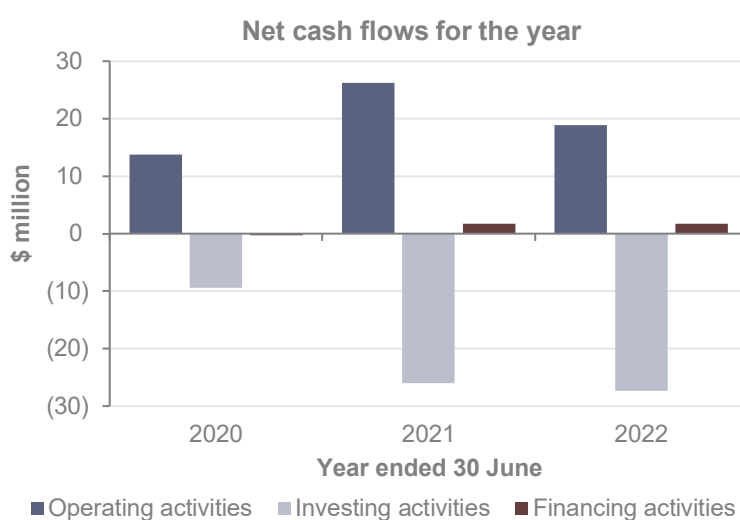
Grants and contributions revenue (\$20.86 million) decreased by \$1.25 million (5.7 per cent) in 2021–2022. This was mainly due to decreased revenue from capital grants which was offset by an increase in the advance payment of financial assistance grants.

Council's operating result (\$11.38 million including the effect of depreciation and amortisation expense of \$8.47 million) was \$944,000 lower than the 2020–21 result. This was primarily due to the reduction in revenue from capital grants.

The net operating result before capital grants and contributions (\$2.66 million) was \$2.06 million higher than the 2020–21 result. This was mostly due to the increase in the advance payment of financial assistance grants.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$6.7 million to \$5.7 million at the close of the year.
- The decrease is due to holding more funds in longer term deposits.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	43.7	38.4	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, contributions and loans, and water and sewerage funds. Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	23.1	22.2	
• Internal allocations	14.1	10.9	

Debt

After repaying principal and interest of \$941,000 and taking up new borrowings of \$2.4 million, total debt as at 30 June 2022 was \$7.8 million (2021: \$6 million).

PERFORMANCE

Performance measures

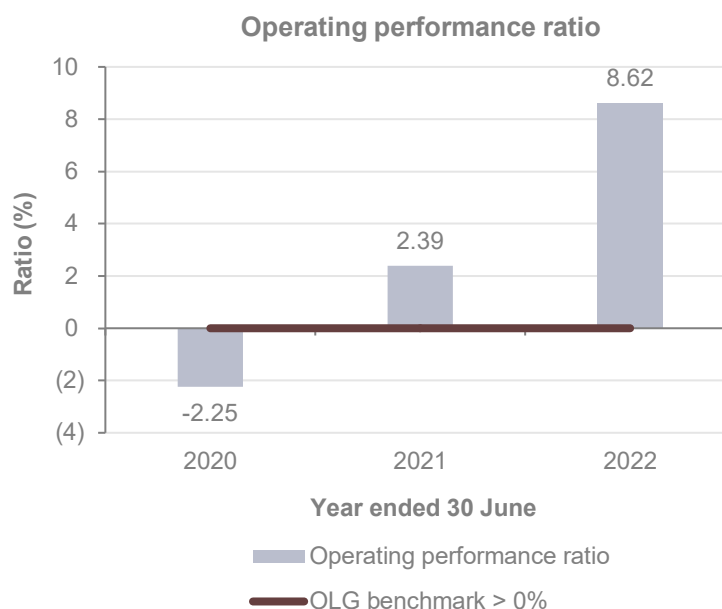
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

The 2021 ratio was restated to correct a prior period error.

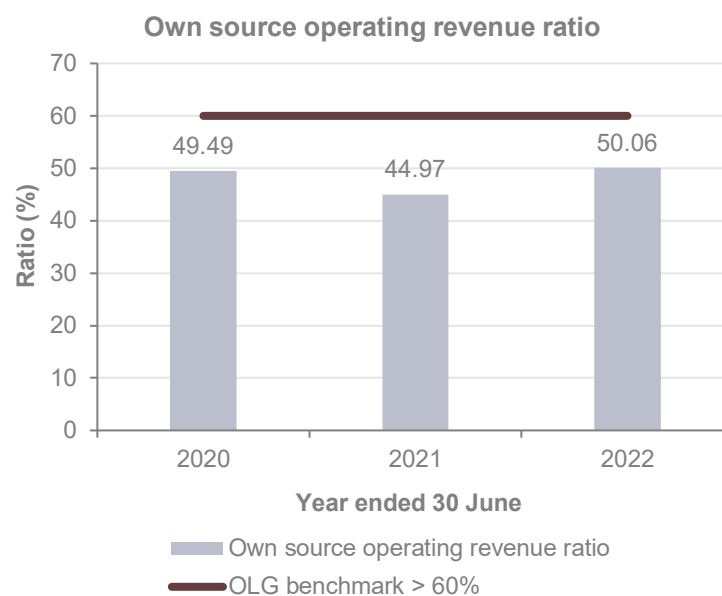
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

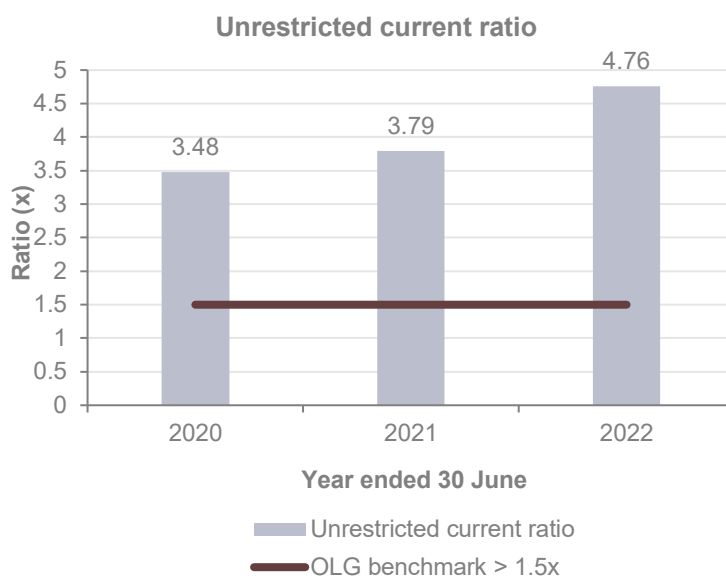
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

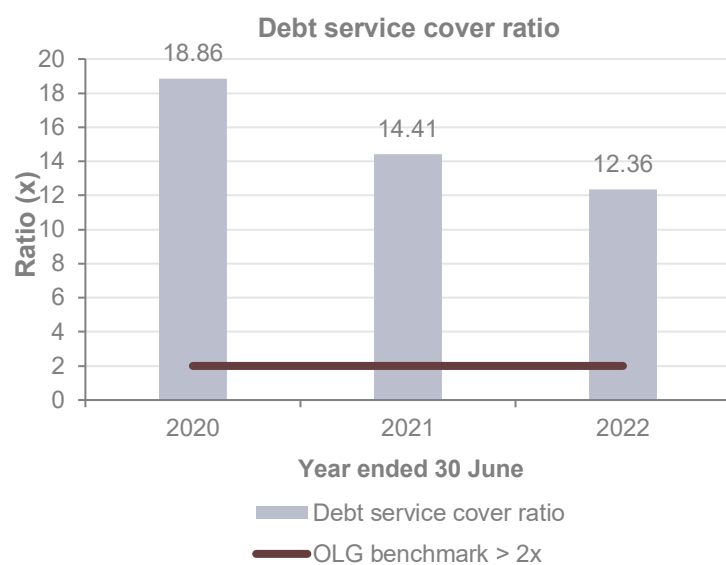
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

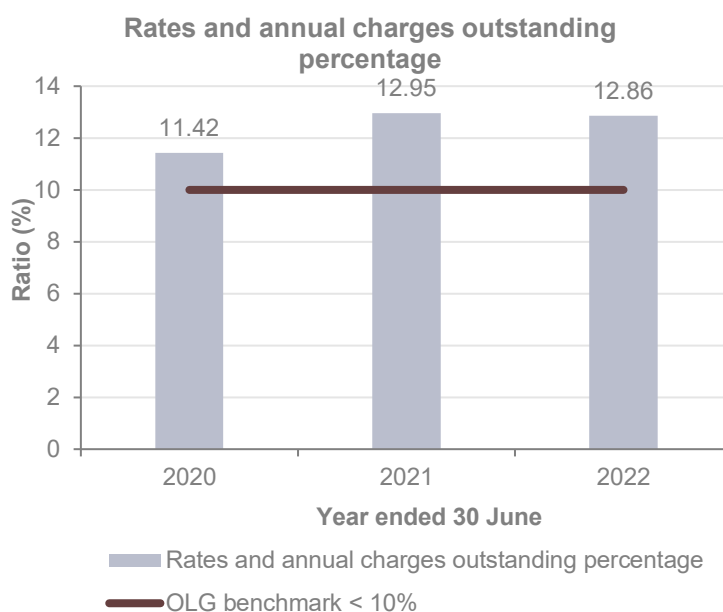
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

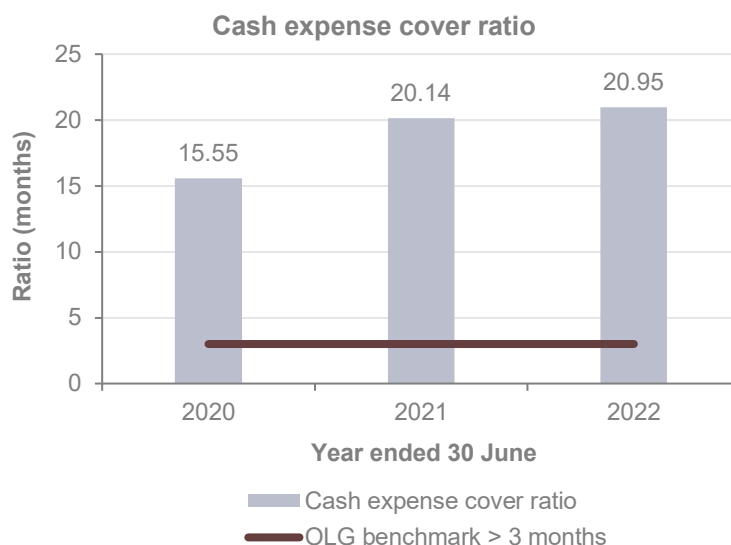
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent regional and rural councils.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$14.4 million compared \$15.5 million for the prior year
- The level of asset renewals during the year represented 169 percent of the total depreciation expense (\$8.5 million) for the year.

OTHER MATTERS

Legislative compliance

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

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited

- staff provided all accounting records and information relevant to the audit.

The Council's:

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

A handwritten signature in black ink, appearing to read 'Manuel Moncada', with a stylized flourish at the end.

Manuel Moncada
Delegate of the Auditor-General for New South Wales

Wentworth Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



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).

Wentworth Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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 17 October 2022.



Tim Elstone

Mayor

17 October 2022



Daniel Linklater

Deputy Mayor

17 October 2022



Ken Ross

General Manager

17 October 2022



Simon Rule

Responsible Accounting Officer

17 October 2022

Wentworth Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
Access charges	1,301	1,239
User charges	1,470	1,466
Fees	102	124
Interest and investment income	72	64
Grants and contributions provided for operating purposes	18	19
Other income	9	6
Total income from continuing operations	2,972	2,918
Expenses from continuing operations		
Employee benefits and on-costs	595	631
Materials and services	979	931
Depreciation, amortisation and impairment	712	684
Water purchase charges	5	5
Other expenses	76	59
Total expenses from continuing operations	2,367	2,310
Surplus (deficit) from continuing operations before capital amounts	605	608
Grants and contributions provided for capital purposes	356	931
Surplus (deficit) from continuing operations after capital amounts	961	1,539
Surplus (deficit) from all operations before tax	961	1,539
Less: corporate taxation equivalent (25%) [based on result before capital]	(151)	(158)
Surplus (deficit) after tax	810	1,381
Plus accumulated surplus	20,640	19,101
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	151	158
Closing accumulated surplus	21,601	20,640
Return on capital %	1.6%	1.8%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	810	1,381
Less: capital grants and contributions (excluding developer contributions)	(253)	(792)
Surplus for dividend calculation purposes	557	589
Potential dividend calculated from surplus	278	295

Wentworth Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
Access charges	1,746	1,680
Interest and investment income	33	27
Grants and contributions provided for operating purposes	17	99
Other income	1	–
Total income from continuing operations	1,797	1,806
Expenses from continuing operations		
Employee benefits and on-costs	208	240
Borrowing costs	13	1
Materials and services	307	341
Depreciation, amortisation and impairment	768	751
Other expenses	68	93
Total expenses from continuing operations	1,364	1,426
Surplus (deficit) from continuing operations before capital amounts	433	380
Grants and contributions provided for capital purposes	335	431
Surplus (deficit) from continuing operations after capital amounts	768	811
Surplus (deficit) from all operations before tax	768	811
Less: corporate taxation equivalent (25%) [based on result before capital]	(108)	(99)
Surplus (deficit) after tax	660	712
Plus accumulated surplus	7,589	6,778
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	109	99
Closing accumulated surplus	8,358	7,589
Return on capital %	1.5%	1.6%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	660	712
Less: capital grants and contributions (excluding developer contributions)	–	(150)
Surplus for dividend calculation purposes	660	562
Potential dividend calculated from surplus	330	281

Wentworth Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	10,456	9,409
Receivables	1,200	1,248
Total current assets	11,656	10,657
Non-current assets		
Infrastructure, property, plant and equipment	38,501	34,571
Total non-current assets	38,501	34,571
Total assets	50,157	45,228
Net assets	50,157	45,228
EQUITY		
Accumulated surplus	21,601	20,640
Revaluation reserves	28,556	24,588
Total equity	50,157	45,228

Wentworth Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	4,210	3,607
Receivables	354	293
Total current assets	4,564	3,900
Non-current assets		
Infrastructure, property, plant and equipment	28,891	23,337
Total non-current assets	28,891	23,337
Total assets	33,455	27,237
LIABILITIES		
Current liabilities		
Borrowings	70	69
Total current liabilities	70	69
Non-current liabilities		
Borrowings	611	681
Total non-current liabilities	611	681
Total liabilities	681	750
Net assets	32,774	26,487
EQUITY		
Accumulated surplus	8,358	7,589
Revaluation reserves	24,416	18,898
Total equity	32,774	26,487

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)

a. Wentworth Shire Council Combined Water Supplies

Comprising the whole of the operations and net assets of Council's water supply activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, which is established as a separate Special Rate Fund.

b. Wentworth Shire Council Combined Sewerage Service

Comprising the whole of the operations and net assets of Council's sewerage reticulation and treatment activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, which is established as a Special Rate Fund.

Category 2

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

Nil

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.

Note – Significant Accounting Policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – 25%

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

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

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

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

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

Income tax

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

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

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

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Wentworth Shire Council

To the Councillors of Wentworth Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Manuel Moncada', with a stylized flourish at the end.

Manuel Moncada
Delegate of the Auditor-General for New South Wales

14 November 2022
SYDNEY

Wentworth Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Special Schedules

for the year ended 30 June 2022

Contents

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Special Schedules:

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Background

These Special Schedules have been designed to meet the requirements of special purpose users such as:

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS)
- the NSW Office of Water (NOW), and
- the Office of Local Government (OLG)

The financial data is collected for various uses including:

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services

Wentworth Shire Council

Permissible income for general rates

	Notes	Calculation 2021/22 \$ '000	Calculation 2022/23 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	5,462	5,673
Plus or minus adjustments ²	b	68	96
Notional general income	$c = a + b$	5,530	5,769
Permissible income calculation			
Or rate peg percentage	e	2.00%	0.70%
Or plus rate peg amount	$i = e \times (c + g)$	111	40
Sub-total	$k = (c + g + h + i + j)$	5,641	5,809
Plus (or minus) last year's carry forward total	l	123	3
Sub-total	$n = (l + m)$	123	3
Total permissible income	$o = k + n$	5,764	5,812
Less notional general income yield	p	5,673	5,723
Catch-up or (excess) result	$q = o - p$	91	89
Less unused catch-up ³	s	(88)	—
Carry forward to next year ⁴	$t = q + r + s$	3	89

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) 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.
- (4) 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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Wentworth Shire Council

To the Councillors of Wentworth Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

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

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

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

A handwritten signature in black ink, appearing to read 'Manuel Moncada', with a stylized flourish at the end.

Manuel Moncada
Delegate of the Auditor-General for New South Wales

14 November 2022
SYDNEY

Wentworth Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying replacement amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	3,914	3,914	339	310	39,329	83,211	40.0%	35.0%	20.0%	5.0%	0.0%
	Sub-total	3,914	3,914	339	310	39,887	83,211	40.0%	35.0%	20.0%	5.0%	0.0%
Other structures	Other structures	314	314	9	20	4,580	6,459	30.0%	50.0%	15.0%	5.0%	0.0%
	Sub-total	314	314	9	20	4,580	6,459	30.0%	50.0%	15.0%	5.0%	0.0%
Roads	Sealed roads	10,127	10,127	866	1,129	93,034	202,530	35.0%	50.0%	10.0%	5.0%	0.0%
	Unsealed roads	2,634	2,634	1,383	1,110	3,025	6,584	20.0%	20.0%	20.0%	20.0%	20.0%
	Bridges	676	676	—	—	7,410	13,999	40.0%	50.0%	5.0%	5.0%	0.0%
	Footpaths	144	144	180	139	3,835	7,454	45.0%	45.0%	8.0%	2.0%	0.0%
	Bulk earthworks	—	—	—	—	230,717	230,717	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	13,581	13,581	2,429	2,378	328,869	461,284	67.6%	24.5%	5.0%	2.7%	0.3%
Water supply network	Water supply network	20,936	20,936	424	535	37,369	69,788	15.0%	40.0%	15.0%	20.0%	10.0%
	Sub-total	20,936	20,936	424	535	37,369	69,788	15.0%	40.0%	15.0%	20.0%	10.0%
Sewerage network	Sewerage network	8,928	8,928	180	128	25,457	44,872	15.0%	20.0%	45.0%	5.0%	15.0%
	Sub-total	8,928	8,928	180	128	25,457	44,872	15.0%	20.0%	45.0%	5.0%	15.0%
Stormwater drainage	Stormwater drainage	544	544	91	77	15,568	27,191	25.0%	55.0%	18.0%	2.0%	0.0%
	Sub-total	544	544	91	77	15,568	27,191	25.0%	55.0%	18.0%	2.0%	0.0%
Open space / recreational assets	Swimming pools	1,010	1,010	58	49	1,914	3,553	0.0%	0.0%	70.0%	30.0%	0.0%
	Playgrounds	107	107	20	9	535	1,087	30.0%	35.0%	25.0%	7.0%	3.0%
	Sub-total	1,117	1,117	78	58	2,449	4,640	7.0%	8.2%	59.5%	24.6%	0.7%

Wentworth Shire Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying replacement amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Other infrastructure assets	Weir, Wharf Banks	669	669	20	32	11,503	15,087	35.0%	55.0%	5.0%	5.0%	0.0%
	Sub-total	669	669	20	32	11,645	15,087	35.0%	55.0%	5.0%	5.0%	0.0%
	Total – all assets	50,003	50,003	3,570	3,538	465,824	712,532	52.9%	28.9%	11.2%	5.0%	2.1%

(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

Wentworth Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	10,895	162.10%	203.92%	103.05%	>= 100.00%
Depreciation, amortisation and impairment	6,721				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	50,003	10.50%	5.31%	5.32%	< 2.00%
Net carrying amount of infrastructure assets	476,181				
Asset maintenance ratio					
Actual asset maintenance	3,538	99.10%	80.19%	81.76%	> 100.00%
Required asset maintenance	3,570				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	50,003	7.02%	3.41%	2.86%	
Gross replacement cost	712,532				

(*) 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.

Wentworth Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

	General fund		Water fund		Sewer fund		Benchmark
\$ '000	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	184.80%	232.86%	72.54%	172.69%	89.97%	31.96%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	4.87%	2.38%	56.03%	30.50%	35.07%	19.95%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	96.93%	70.51%	126.18%	140.79%	71.11%	98.80%	> 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	3.37%	1.61%	30.00%	16.04%	19.90%	7.76%	

(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.