

Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Coolamon Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	81
On the Financial Statements (Sect 417 [3])	82

Overview

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

55 Cowabbie Street
COOLAMON NSW 2701

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.coolamon.nsw.gov.au.

Coolamon Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (as amended)

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

- the *Local Government Act 1993* (NSW) (as amended) 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 19 October 2023



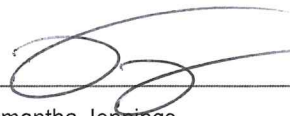
David McCann
Mayor
19 October 2023



Alan White
Councillor
19 October 2023



Tony Donoghue
General Manager
19 October 2023



Samantha Jennings
Responsible Accounting Officer
19 October 2023

Coolamon Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Income from continuing operations				
4,099	Rates and annual charges	B2-1	4,149	4,067
5,267	User charges and fees	B2-2	5,847	5,640
411	Other revenues	B2-3	459	416
3,739	Grants and contributions provided for operating purposes	B2-4	11,886	8,092
6,142	Grants and contributions provided for capital purposes	B2-4	2,311	4,258
471	Interest and investment income	B2-5	762	206
395	Other income	B2-6	383	371
304	Net gain from the disposal of assets	B4-1	124	–
20,828	Total income from continuing operations		25,921	23,050
Expenses from continuing operations				
6,670	Employee benefits and on-costs	B3-1	7,692	7,098
5,290	Materials and services	B3-2	6,659	5,497
10	Borrowing costs	B3-3	65	23
4,394	Depreciation, amortisation and impairment of non-financial assets	B3-4	4,529	4,189
451	Other expenses	B3-5	479	379
–	Net loss from the disposal of assets	B4-1	–	189
16,815	Total expenses from continuing operations		19,424	17,375
4,013	Operating result from continuing operations		6,497	5,675
4,013	Net operating result for the year attributable to Council		6,497	5,675
(2,124)	Net operating result for the year before grants and contributions provided for capital purposes		4,186	1,417

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

Coolamon Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		6,497	5,675
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	6,423	10,836
Other comprehensive income – joint ventures and associates	D2-2	8	–
Total items which will not be reclassified subsequently to the operating result		6,431	10,836
Total other comprehensive income for the year		6,431	10,836
Total comprehensive income for the year attributable to Council		12,928	16,511

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

Coolamon Shire Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	6,379	5,104
Investments	C1-2	20,502	22,002
Receivables	C1-4	2,616	920
Inventories	C1-5	5,206	2,298
Total current assets		34,703	30,324
Non-current assets			
Receivables	C1-4	280	280
Inventories	C1-5	429	429
Infrastructure, property, plant and equipment (IPPE)	C1-6	212,835	203,243
Investments accounted for using the equity method	D2-2	188	184
Total non-current assets		213,732	204,136
Total assets		248,435	234,460
LIABILITIES			
Current liabilities			
Payables	C3-1	7,990	8,834
Contract liabilities	C3-2	3,925	1,673
Employee benefit provisions	C3-4	2,153	1,988
Provisions	C3-5	32	–
Total current liabilities		14,100	12,495
Non-current liabilities			
Payables	C3-1	4	4
Employee benefit provisions	C3-4	114	132
Provisions	C3-5	535	1,075
Total non-current liabilities		653	1,211
Total liabilities		14,753	13,706
Net assets		233,682	220,754
EQUITY			
Accumulated surplus		113,402	106,897
IPPE revaluation reserve	C4-1	120,280	113,857
Council equity interest		233,682	220,754
Total equity		233,682	220,754

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

Coolamon Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		106,897	113,857	220,754	101,222	103,021	204,243
Opening balance		106,897	113,857	220,754	101,222	103,021	204,243
Net operating result for the year		6,497	–	6,497	5,675	–	5,675
Net operating result for the period		6,497	–	6,497	5,675	–	5,675
Other comprehensive income							
Gain on revaluation of infrastructure, property, plant and equipment	C1-6	–	6,423	6,423	–	10,836	10,836
Joint ventures and associates	D2-2	8	–	8	–	–	–
Other comprehensive income		8	6,423	6,431	–	10,836	10,836
Total comprehensive income		6,505	6,423	12,928	5,675	10,836	16,511
Closing balance at 30 June		113,402	120,280	233,682	106,897	113,857	220,754

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

Coolamon Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
4,097	Rates and annual charges		4,135	4,076
5,267	User charges and fees		5,616	5,915
471	Interest received		399	233
8,470	Grants and contributions		15,113	11,888
1,306	Other		943	745
<i>Payments:</i>				
(6,536)	Payments to employees		(7,545)	(7,089)
(5,082)	Payments for materials and services		(6,693)	(5,593)
–	Borrowing costs		(65)	(23)
–	Bonds, deposits and retentions refunded		(687)	(59)
(804)	Other		(1,096)	(94)
7,189	Net cash flows from operating activities	G1-1	10,120	9,999
Cash flows from investing activities				
<i>Receipts:</i>				
2,202	Redemption of term deposits		25,254	29,005
1,660	Sale of real estate assets		–	–
235	Proceeds from sale of IPPE		230	475
32	Deferred debtors receipts		–	7
<i>Payments:</i>				
–	Acquisition of term deposits		(23,754)	(30,005)
(10,005)	Payments for IPPE		(7,659)	(6,630)
(3,116)	Purchase of real estate assets		(2,913)	(1,493)
–	Deferred debtors and advances made		(3)	–
(8,992)	Net cash flows from investing activities		(8,845)	(8,641)
(1,803)	Net change in cash and cash equivalents		1,275	1,358
1,824	Cash and cash equivalents at beginning of year		5,104	3,746
21	Cash and cash equivalents at end of year	C1-1	6,379	5,104
18,800	plus: Investments on hand at end of year	C1-2	20,502	22,002
18,821	Total cash, cash equivalents and investments		26,881	27,106

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

Coolamon Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	23
B2-6 Other income	24
B3 Costs of providing services	25
B3-1 Employee benefits and on-costs	25
B3-2 Materials and services	26
B3-3 Borrowing costs	27
B3-4 Depreciation, amortisation and impairment of non-financial assets	28
B3-5 Other expenses	29
B4 Gains or losses	30
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	30
B5 Performance against budget	31
B5-1 Material budget variations	31
C Financial position	33
C1 Assets we manage	33
C1-1 Cash and cash equivalents	33
C1-2 Financial investments	34
C1-3 Restricted and allocated cash, cash equivalents and investments	35
C1-4 Receivables	37
C1-5 Inventories	39
C1-6 Infrastructure, property, plant and equipment	40
C2 Leasing activities	44
C2-1 Council as a lessee	44
C2-2 Council as a lessor	45
C3 Liabilities of Council	46
C3-1 Payables	46
C3-2 Contract Liabilities	47
C3-3 Borrowings	48
C3-4 Employee benefit provisions	49
C3-5 Provisions	50
C4 Reserves	51

Coolamon Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

C4-1 Nature and purpose of reserves	51
D Council structure	52
D1 Results by fund	52
D1-1 Income Statement by fund	52
D1-2 Statement of Financial Position by fund	53
D2 Interests in other entities	54
D2-1 Subsidiaries	54
D2-2 Interests in joint arrangements	54
D2-3 Interests in associates	56
D2-4 Unconsolidated structured entities	56
D2-5 Subsidiaries, joint arrangements and associates not recognised	56
E Risks and accounting uncertainties	57
E1-1 Risks relating to financial instruments held	57
E2-1 Fair value measurement	60
E3-1 Contingencies	64
F People and relationships	67
F1 Related party disclosures	67
F1-1 Key management personnel (KMP)	67
F1-2 Councillor and Mayoral fees and associated expenses	69
F2 Other relationships	69
F2-1 Audit fees	69
G Other matters	70
G1-1 Statement of Cash Flows information	70
G2-1 Commitments	71
G3-1 Events occurring after the reporting date	72
G4 Statement of developer contributions as at 30 June 2023	73
G4-1 Summary of developer contributions	73
G4-2 Developer contributions by plan	74
G5 Statement of performance measures	75
G5-1 Statement of performance measures – consolidated results	75
G5-2 Statement of performance measures by fund	76
H Additional Council disclosures (unaudited)	78
H1-1 Statement of performance measures – consolidated results (graphs)	78
H1-2 Council information and contact details	80

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 19 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (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.

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations including Allawah Lodge, Allawah Retirement Village and Coolamon Early Childhood Centre
- Domestic Waste Management Services
- Sewerage Services and
- Council's entitlements of the Riverina Regional Library.

Due to their immaterial value and nature, the following committees, entities and operations have been excluded from consolidation:

- Advance Ardlethan Committee
- Beckom Hall & Community Committee
- Coolamon Showground Committee
- Ardlethan Showground Committee
- Advance Ganmain Committee
- Advance Marrar Committee
- Advance Matong Committee
- Rannock Community Centre Committee

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 not 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 net basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Volunteer services

Council has not recorded the value of volunteer services as they can not be reliably measured.

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates in the annual reporting period beginning 1 July 2022.

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Governance	–	–	731	775	(731)	(775)	–	–	–	–
Administration	371	150	–	203	371	(53)	–	1	29,124	23,314
Public Order & Safety	52	109	569	414	(517)	(305)	35	90	805	804
Health	27	28	390	304	(363)	(276)	–	6	863	873
Environment	1,015	1,023	1,338	1,192	(323)	(169)	52	131	5,312	5,264
Community Services & Education	3,185	2,727	3,215	2,719	(30)	8	375	275	2,728	2,748
Housing & Community Amenities	365	552	809	874	(444)	(322)	18	157	4,954	4,730
Sewerage Services	835	1,152	698	631	137	521	38	382	17,033	15,959
Recreation & Culture	449	814	2,138	1,758	(1,689)	(944)	428	796	15,805	14,484
Mining, Manufacture & Construction	154	153	404	300	(250)	(147)	–	–	501	1,109
Transport & Communication	7,051	5,019	5,525	4,662	1,526	357	7,051	5,020	146,005	140,161
Economic Affairs	3,081	3,379	3,603	3,543	(522)	(164)	143	278	25,117	24,830
Shares of gains or losses in joint venture	–	6	4	–	(4)	6	–	–	188	184
General Purpose Revenues	9,336	7,938	–	–	9,336	7,938	6,057	5,214	–	–
Total functions and activities	25,921	23,050	19,424	17,375	6,497	5,675	14,197	12,350	248,435	234,460

B1-2 Components of functions or activities

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

Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g.GIPA), and legislative compliance.

Administration

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

Public Order & Safety

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

Health

Includes food control, health centres etc.

Environment

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

Community Services & Education

Includes administration and education, social protection (welfare), other community services and administration, youth services, aged and disabled persons services, children's services, including family day care, child care, and other family and children services.

Housing & Community Amenities

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

Sewerage Services

Includes the provision of reticulated sewerage and common effluent services.

Recreation & Culture

Includes public libraries, museums, community centres and halls, including public halls, sporting grounds, swimming pools, parks, gardens, and other sporting, recreational and cultural services.

Mining, Manufacture & Construction

Includes building control, quarries and pits.

Transport & Communication

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

Economic Affairs

Includes camping areas and caravan parks, tourism and area promotion; industrial development promotion, real estate development, and other business undertakings.

Shares of gains or losses in joint venture

Council's net gain or losses relating to the participation in the Riverina Regional Library.

General Purpose Revenues

General Purpose Revenues include Financial Assistance Grant, Land Rates, Untied Pensioner Concession Subsidy, untied Interest on Investments and untied Extra Charges levied on Land Rates.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	761	748
Farmland	1,774	1,728
Business	102	95
Less: pensioner rebates (mandatory)	(54)	(53)
Rates levied to ratepayers	2,583	2,518
Pensioner rate subsidies received	28	31
Total ordinary rates	2,611	2,549
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	764	602
Sewerage services	737	761
Stormwater management services	46	46
Tip access	–	118
Waste management services (non-domestic)	25	16
Less: pensioner rebates (mandatory)	(73)	(71)
Annual charges levied	1,499	1,472
Pensioner annual charges subsidies received:		
– Sewerage	15	16
– Domestic waste management	24	30
Total annual charges	1,538	1,518
Total rates and annual charges	4,149	4,067

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building regulation	2	83	82
Inspection services	2	68	69
Private works – section 67	2	142	224
Regulatory and statutory fees	2	13	7
Section 10.7 certificates (EP&A Act)	2	12	9
Section 603 certificates	2	10	14
Town planning	2	83	85
Total fees and charges – statutory/regulatory		411	490
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aged care	2	2,341	2,439
Caravan park	2	62	57
Cemeteries	2	119	125
Child care	2	824	861
Waste disposal tipping fees	2	119	102
Allawah Community Care inc. Community Transport	2	371	328
Home care packages	2	1,585	1,228
Other	2	15	10
Total fees and charges – other		5,436	5,150
Total other user charges and fees		5,847	5,640
Total user charges and fees		5,847	5,640
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		5,847	5,640
Total user charges and fees		5,847	5,640

Accounting policy

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

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

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

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Legal fees recovery – rates and charges (extra charges)	2	–	(5)
Commissions and agency fees	2	7	11
Diesel rebate	2	53	43
Insurance claims recoveries	2	8	–
Allawah Lodge & Allawah Retirement Village	2	154	167
Canola Trail Contributions	2	21	8
Energy Saving Certificates	2	–	49
Insurance incentives	2	26	28
NYE Fest Income	2	12	13
Recycling	2	1	12
RFS Zone administration	2	29	29
Sewerage	2	9	4
Traineeship Subsidies	2	22	28
RRL Administration Charge	2	72	–
Capture Coolamon Income	2	8	–
Other Sundry Income	2	37	29
Total other revenue		459	416
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		459	416
Total other revenue		459	416

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	2	1,294	2,055	–	–
Payment in advance - future year allocation					
Financial assistance	2	4,763	3,159	–	–
Amount recognised as income during current year		6,057	5,214	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Sewerage services	1	–	–	38	382
Aged care	2	–	41	–	3
Child care	2	72	31	–	15
Heritage and cultural	2	11	11	–	–
Library	2	73	72	–	–
Noxious weeds	2	78	98	–	–
Recreation and culture	1	–	–	–	294
Ardlethan Preschool	2	191	200	–	–
Stronger Country Communities	1	61	–	257	–
Street lighting	2	18	20	–	–
Floodplain Management Program Funding	2	35	–	–	–
DRNSW School Holiday Funding	2	21	–	–	–
Other specific grants	2	42	80	12	–
Drought Communities Program	2	–	–	–	98
Transport (roads to recovery)	2	741	739	–	–
Transport (other roads and bridges funding)	2	149	–	632	–
LRCIP Funding	1	–	142	156	854
Allawah Business Improvement Fund	2	–	130	–	–
Fixing Local/Country Roads	1	–	–	224	1,470
Bushfire services	2	72	119	–	–
Transport for NSW Contributions	2	1,203	1,175	796	946
Fixing Local Roads Pothole Repair	2	481	–	–	–
Regional & Local Roads Repair Programme	2	2,552	–	–	–
Other contributions	2	29	20	–	14
Total special purpose grants and non-developer contributions – cash		5,829	2,878	2,115	4,076
Non-cash contributions					
Roads and bridges	2	–	–	141	156
Other	2	–	–	4	–
Total other contributions – non-cash		–	–	145	156
Total special purpose grants and non-developer contributions (tied)		5,829	2,878	2,260	4,232
Total grants and non-developer contributions		11,886	8,092	2,260	4,232
Comprising:					
– Commonwealth funding		6,829	6,231	800	954
– State funding		5,041	1,843	1,277	3,053
– Other funding		16	18	183	225
		11,886	8,092	2,260	4,232

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G4					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	51	26
Total developer contributions – cash			–	–	51	26
Total developer contributions			–	–	51	26
Total contributions			–	–	51	26
Total grants and contributions			11,886	8,092	2,311	4,258
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			61	142	675	3,000
Grants and contributions recognised at a point in time (2)			11,825	7,950	1,636	1,258
Total grants and contributions			11,886	8,092	2,311	4,258

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	719	345	1,764	1,681
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,653	–	–	772
Add: Funds received and not recognised as revenue in the current year	754	573	2,152	58
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	(809)	(438)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(471)	(199)	(310)	(309)
Unspent funds at 30 June	3,655	719	2,797	1,764
Contributions				
Unspent funds at 1 July	–	–	90	70
Add: contributions received and not recognised as revenue in the current year	–	–	40	20
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Unspent contributions at 30 June	–	–	130	90

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	11	28
– Cash and investments	733	166
– Deferred debtors	18	12
Total interest and investment income (losses)	762	206
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	6	24
General Council cash and investments	414	95
Restricted investments/funds – external:		
Sewerage fund operations	65	17
Domestic waste management operations	28	10
Restricted investments/funds – internal:		
Internally restricted assets	249	60
Total interest and investment income	762	206

Accounting policy

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

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

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Other lease income			
Leaseback fees - council vehicles		20	24
Other		94	88
Housing		133	127
Retirement Village		136	126
Total other lease income		383	365
Total rental income	C2-2	383	365
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		-	6
Total net share of interests in joint ventures and associates using the equity method	D2-2	-	6
Total other income		383	371

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	5,734	5,765
Travel expenses	56	49
Employee leave entitlements (ELE)	1,284	1,054
Superannuation	673	632
Workers' compensation insurance	270	222
Fringe benefit tax (FBT)	48	25
Training costs (other than salaries and wages)	80	51
Other	203	71
Total employee costs	8,348	7,869
Less: capitalised costs	(656)	(771)
Total employee costs expensed	7,692	7,098
Number of 'full-time equivalent' employees (FTE) at year end	81	84

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		4,580	3,757
Contractor costs		515	156
Audit Fees	F2-1	42	39
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	110	102
Advertising		52	41
Bank charges		25	24
Election expenses		–	42
Electricity and heating		192	171
Insurance		390	358
Postage		27	21
Printing and stationery		56	57
Street lighting		40	42
Subscriptions and publications		94	74
Telephone and communications		54	57
Valuation fees		23	24
Computer / office equipment maintenance		247	335
Donations, contributions and assistance to other organisations (Section 356)		25	25
Water charges		134	135
Legal expenses:			
– Legal expenses: planning and development		10	20
– Legal expenses: debt recovery		–	5
– Legal expenses: other		43	12
Total materials and services		6,659	5,497
Total materials and services		6,659	5,497

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on advances		<u>24</u>	15
Total interest bearing liability costs		<u>24</u>	15
Total interest bearing liability costs expensed		<u>24</u>	15
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	<u>41</u>	8
Total other borrowing costs		<u>41</u>	8
Total borrowing costs expensed		<u>65</u>	23

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		671	738
Office equipment		67	68
Land improvements (depreciable)		32	37
Infrastructure:	C1-6		
– Buildings – non-specialised		44	37
– Buildings – specialised		1,160	994
– Other structures		317	256
– Roads		2,104	2,007
– Bridges		32	30
– Footpaths		47	43
– Stormwater drainage		44	39
– Sewerage network		249	252
– Swimming pools		55	55
Reinstatement, rehabilitation and restoration assets:			
– Quarry assets	C3-5,C1-6	50	17
Total gross depreciation and amortisation costs		4,872	4,573
Less: capitalised costs		(343)	(384)
Total depreciation and amortisation costs		4,529	4,189
Total depreciation, amortisation and impairment for non-financial assets		4,529	4,189

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Rates and annual charges		3	3
Total impairment of receivables	C1-4	3	3
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		4	–
Total net share of interests in joint ventures and associates using the equity method	D2-2,D2-3	4	–
Other			
Contributions/levies to other levels of government			
– NSW State Emergency Service Levy		11	6
– NSW Fire & Rescue Levy		22	19
– NSW rural fire service levy		289	217
– Riverina Regional Library		122	105
– Riverina Joint Organisation		19	19
Donations, contributions and assistance to other organisations (Section 356)		9	10
Total other		472	376
Total other expenses		479	379

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of property (excl. investment property)			
Carrying amount of property assets written off		(48)	(370)
Gain (or loss) on disposal		(48)	(370)
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		230	475
Less: carrying amount of plant and equipment assets sold/written off		(41)	(168)
Gain (or loss) on disposal		189	307
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		25,254	29,005
Less: carrying amount of term deposits sold/redeemed/matured		(25,254)	(29,005)
Gain (or loss) on disposal		–	–
Other (Infrastructure, Other Structures & Sewerage Assets)			
Carrying amount of Other Structures & Sewerage assets written off		(17)	(126)
Gain (or loss) on disposal		(17)	(126)
Net gain (or loss) from disposal of assets		124	(189)

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 23 June 2022 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	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	4,099	4,149	50	1% F
User charges and fees	5,267	5,847	580	11% F
Council's original budget allowed for income of \$928,000 from Home Care Packages. Actual income achieved amounted to \$1,585,000. This is as a result of additional clients and increased client care needs. Council anticipated raising \$2,929,000 in fees relating to Allawah Lodge budget due to the closure of a number of beds income only amounted to \$2,341,000. Council's original budget allowed for \$30,000 income from Private Works. Council raised income of \$142,000 due to additional Private Works been undertaken. Council received \$824,000 in Childare fees due to increased enrolments compared to Council's original budget of \$796,000.				
Other revenues	411	459	48	12% F
Council received \$26,000 in insurance incentives, \$12,000 income from NYE fest & \$8,000 from Capture Coolamon that were not included in Council's original budget.				
Operating grants and contributions	3,739	11,886	8,147	218% F
Council received an additional \$5,043,000 in Financial Assistance Grant income when compared to the original budget. The majority of this variance is related to the pre-payment of 75% of the FY2024 grant. Council received FLR - Pothole and Regional & Local Roads Repair Funding amounting to \$3,033,000 that was not included in the original budget. Council received \$21,000 in School Holiday funding that was not included in the original budget.				
Capital grants and contributions	6,142	2,311	(3,831)	(62)% U
Council had anticipated at the time the budget was prepared that the Coolamon Business Park development would be finished at the end of FY2023 with capital infrastructure contributions of \$1,883,000 and \$1,970,000 in grant funding being accounted for as income. These incomes will now be accounted for in FY2024. Council anticipated that the \$204,000 would be received under Voluntary Planning Arrangements in FY2023 but no income was received. Council's original budget allowed for grant funds of \$113,000 for the purchase of cabins for the Coolamon Caravan Park but the grant application was unsuccessful.				
Interest and investment revenue	471	762	291	62% F
Higher interest rates and investment portfolio due to grants received in advance have resulted in the favourable variance.				
Net gains from disposal of assets	304	124	(180)	(59)% U
Council had anticipated that the Coolamon Business Park & Loch Street residential developments would be completed during FY2023 and that a number of sales would have been completed, therefore resulting in this unfavourable variance.				
Other income	395	383	(12)	(3)% U

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	6,670	7,692	(1,022)	(15)% U
Council has engaged a company to recruit workers from overseas to address the staffing shortages being experienced in Council's aged care services. Council has also engaged an immigration lawyer to assist with the requirements of utilising these workers. Council has expended additional funds in trying to recruit for the entire organisation that was included in Council's original budget. Council's employee leave entitlements exceeded the original budget and the engagement of additional trainees has contributed to this unfavourable variance.				
Materials and services	5,290	6,659	(1,369)	(26)% U
Council's Materials and services have exceeded Council's original budget as a result of the following: <ul style="list-style-type: none"> the engagement of Agency Staff at Allawah Lodgewas not anticipated when the budget was prepared Engagement of contractors for the development of business case and strategy for Coolamon Showground was not anticipated at when the budget was prepared higher than budgeted expenditure for electricity and heating and advertising 				
Borrowing costs	10	65	(55)	(550)% U
Council is required to pay interest when refunding Accommodation Payments for residents at Allawah Lodge. When probate is delayed this interest can exceed Council's original expectations. Council's original budget allowed \$10,000 in relation to the finance expense for restoration liabilities. The actual expense incurred was \$41,000				
Depreciation, amortisation and impairment of non-financial assets	4,394	4,529	(135)	(3)% U
Other expenses	451	479	(28)	(6)% U
Net losses from disposal of assets	-	-	-	∞ F
Statement of cash flows				
Cash flows from operating activities	7,189	10,120	2,931	41)% F
The favourable variance from operating activities is mainly attributable to the additional grant and contribution income received during the financial year. Council also received additional user charges as compared to Council's original budget. Further information relating to these variances are detailed above under Material budget variations for Revenues & Expenses				
Cash flows from investing activities	(8,992)	(8,845)	147	(2)% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	6,379	5,104
Total cash and cash equivalents	6,379	5,104
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	6,379	5,104
Balance as per the Statement of Cash Flows	6,379	5,104

Accounting policy

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

C1-2 Financial investments

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Term Deposits	20,502	–	22,002	–
Total	20,502	–	22,002	–
Total financial investments	20,502	–	22,002	–
Total cash assets, cash equivalents and investments	26,881	–	27,106	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	26,881	27,106
Less: Externally restricted cash, cash equivalents and investments	<u>(17,235)</u>	<u>(14,358)</u>
Cash, cash equivalents and investments not subject to external restrictions	9,646	12,748
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Allawah Lodge Accommodation Bonds & Payments	3,503	4,357
Allawah Village Loan Licence	4,042	3,874
Specific purpose unexpended grants – general fund	3,799	1,673
Home Care Packages	50	167
External restrictions – included in liabilities	11,394	10,071
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	140	90
Specific purpose unexpended grants (recognised as revenue) – general fund	2,653	809
Sewer fund	2,016	2,257
Domestic waste management	720	849
Stormwater management	–	11
Other	312	271
External restrictions – other	5,841	4,287
Total external restrictions	17,235	14,358

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

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	9,646	12,748
Less: Internally restricted cash, cash equivalents and investments	(8,832)	(12,491)
Unrestricted and unallocated cash, cash equivalents and investments	814	257

Internal allocations

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

Plant and vehicle replacement	–	1,000
Employees leave entitlement	1,700	1,700
Carry over works	358	74
Ardlethan Preschool	81	59
Asset Management - General Fund	–	4,500
Financial Assistance Grant Advance	4,763	3,159
Swimming pools	75	75
Rehabilitation of gravel pits	215	215
Asset Management - Coolamon Early Childhood Centre	235	443
Asset Management - Allawah Lodge	947	939
Asset Management - Allawah Village	458	327
Total internal allocations	8,832	12,491

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

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	814	257

C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	228	–	217	–
Interest and extra charges	10	–	8	–
Private works	8	–	161	–
Accrued revenues				
– Interest on investments	411	–	49	–
– Other income accruals	22	–	66	–
Allawah Lodge Respite Fees	1	–	(2)	–
Allawah Community Care fees	4	–	6	–
Cemetery	14	–	11	–
Deferred debtors	38	280	35	280
Government grants and subsidies	1,890	–	315	–
Sewerage connections	13	–	10	–
Rents	–	–	25	–
Other debtors	1	–	40	–
Total	2,640	280	941	280
Less: provision for impairment				
Rates and annual charges	(16)	–	(14)	–
Interest and extra charges	(8)	–	(7)	–
Total provision for impairment – receivables	(24)	–	(21)	–
Total net receivables	2,616	280	920	280

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year	21	68
+ new provisions recognised during the year	3	3
– amounts provided for but recovered during the year	–	(50)
Balance at the end of the year	24	21

C1-4 Receivables (continued)

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, 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 for trade receivables where the expected lifetime credit losses are recognised on day 1.

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.

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

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

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

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale	5,114	429	2,201	429
Stores and materials	92	–	97	–
Total inventories at cost	5,206	429	2,298	429
Total inventories	5,206	429	2,298	429

(i) Other disclosures

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(a) Details for real estate development				
Residential	5,114	429	2,201	429
Total real estate for resale	5,114	429	2,201	429

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition costs	303	429	247	429
Development costs	4,811	–	1,954	–
Total costs	5,114	429	2,201	429
Total real estate for resale	5,114	429	2,201	429

Movements:

Real estate assets at beginning of the year	2,201	429	–	1,137
– Purchases and other costs	2,913	–	1,493	–
– Transfer between current/non-current	–	–	708	(708)
Total real estate for resale	5,114	429	2,201	429

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

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

\$ '000	2023	2022
Real estate for resale	3,543	1,511
	3,543	1,511

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Recognition caused by change in provision	Revaluation increments/ (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	992	–	992	636	–	–	–	(711)	–	–	–	917	–	917
Plant and equipment	6,395	(3,363)	3,032	704	50	(41)	(671)	23	–	–	–	6,730	(3,633)	3,097
Office equipment	780	(571)	209	10	–	–	(67)	–	–	–	–	791	(639)	152
Land:														
– Operational land	4,442	–	4,442	–	1,601	(48)	–	–	(55)	–	962	6,902	–	6,902
– Community land	1,932	–	1,932	–	–	–	–	–	–	–	937	2,869	–	2,869
Land improvements – depreciable	379	(174)	205	–	13	–	(32)	–	–	–	19	416	(211)	205
Infrastructure:														
– Buildings – non-specialised	1,445	(329)	1,116	–	27	–	(44)	–	–	–	149	1,491	(243)	1,248
– Buildings – specialised	51,944	(24,297)	27,647	250	145	–	(1,160)	29	(1)	–	(469)	47,840	(21,399)	26,441
– Other structures	6,829	(2,024)	4,805	105	213	(2)	(317)	56	1	–	202	7,587	(2,524)	5,063
– Bulk earthworks (non-depreciable)	67,388	–	67,388	–	49	–	–	–	–	–	3,975	71,412	–	71,412
– Roads	81,055	(15,087)	65,968	3,531	1,209	–	(2,104)	603	–	–	(876)	86,308	(17,977)	68,331
– Bridges	3,192	(751)	2,441	–	–	–	(32)	–	1	–	142	3,381	(829)	2,552
– Footpaths	3,105	(475)	2,630	17	108	–	(47)	–	–	–	96	3,355	(551)	2,804
– Stormwater drainage	4,330	(847)	3,483	–	61	(15)	(44)	–	–	–	149	4,570	(936)	3,634
– Sewerage network	20,936	(7,754)	13,182	–	23	–	(249)	–	(1)	–	997	22,572	(8,620)	13,952
– Swimming pools	4,670	(1,846)	2,824	–	–	–	(55)	–	–	–	140	4,909	(2,000)	2,909
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Quarry assets	1,021	(74)	947	–	–	–	(50)	–	(1)	(549)	–	471	(124)	347
Total infrastructure, property, plant and equipment	260,835	(57,592)	203,243	5,253	3,499	(106)	(4,872)	–	(56)	(549)	6,423	272,521	(59,686)	212,835

(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 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Recognition caused by change in provision	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	1,084	–	1,084	537	–	–	–	(629)	–	–	–	992	–	992
Plant and equipment	6,200	(3,358)	2,842	1,096	–	(168)	(738)	–	–	–	–	6,395	(3,363)	3,032
Office equipment	768	(503)	265	12	–	–	(68)	–	–	–	–	780	(571)	209
Land:														
– Operational land	4,071	–	4,071	–	–	(16)	–	6	–	–	381	4,442	–	4,442
– Community land	1,990	–	1,990	–	–	(354)	–	–	–	–	296	1,932	–	1,932
Land improvements – depreciable	423	(142)	281	2	16	–	(37)	–	–	(57)	–	379	(174)	205
Infrastructure:														
– Buildings – non-specialised	1,234	(245)	989	8	–	–	(37)	–	–	–	156	1,445	(329)	1,116
– Buildings – specialised	43,994	(19,887)	24,107	195	370	–	(994)	182	–	–	3,787	51,944	(24,297)	27,647
– Other structures	5,114	(1,252)	3,862	231	372	(68)	(256)	266	–	–	398	6,829	(2,024)	4,805
– Roads	75,591	(11,750)	63,841	2,234	1,115	(34)	(2,007)	119	–	–	700	81,055	(15,087)	65,968
– Bridges	3,009	(677)	2,332	–	–	–	(30)	–	–	–	139	3,192	(751)	2,441
– Footpaths	2,837	(408)	2,429	–	83	(25)	(43)	48	–	–	138	3,105	(475)	2,630
– Bulk earthworks (non-depreciable)	63,470	–	63,470	–	41	–	–	–	–	–	3,877	67,388	–	67,388
– Stormwater drainage	3,806	(725)	3,081	21	97	–	(39)	8	–	–	315	4,330	(847)	3,483
– Sewerage network	19,778	(7,082)	12,696	–	25	–	(252)	–	–	–	713	20,936	(7,754)	13,182
– Swimming pools	4,302	(1,483)	2,819	67	–	–	(55)	–	–	(7)	–	4,670	(1,846)	2,824
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Quarry assets	372	(57)	315	–	–	–	(17)	–	649	–	–	1,021	(74)	947
Total infrastructure, property, plant and equipment	238,043	(47,569)	190,474	4,403	2,119	(665)	(4,573)	–	649	(64)	10,900	260,835	(57,592)	203,243

(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. Cost 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 is 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 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 10	Buildings: other	20 to 40
		Stormwater assets	
Sewer assets		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 80
Reticulation pipes: PVC	62 - 70		
Reticulation pipes: other	40 - 44		
Pumps and telemetry	25 - 50		
		Other infrastructure assets	
Transportation assets		Swimming pools	30 to 60
Sealed roads: surface	20 to 25	Other open space/recreational assets	5 to 20
Sealed roads: structure	60 to 70		
Unsealed roads	15		
Bridge: concrete	80		
Kerb, gutter and footpaths	80		

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 amounts 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

Land under roads

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

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

Crown reserves

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

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".

Until such time as discussions on this matter have concluded and legislation changed, Council will not recognise Rural Fire Service assets including buildings and plant and vehicles, except those buildings located on Council owned or controlled land.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a two buildings. Information relating to the leases in place is provided below.

Terms and conditions of leases

Marrar Memorial Hall - January 2017 - December 2020 - for Community Purposes

Coolamon Railway Station - Continuing lease - for Community Purposes

Leases at significantly below market value – concessionary / peppercorn leases

Both leases for the Coolamon Railway Station & the Marrar Memorial Hall are at significantly below market for land and buildings which are used for community purposes.

The leases are generally between 4 and 5 years and require payments of a less than \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / Concessionary leases

Council has elected not to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (v) below) 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:

\$ '000	2023	2022
---------	------	------

(i) Assets held as investment property

Council does not hold any assets considered to be investment properties.

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

Operating lease expenses

(ii) Assets held as property, plant and equipment

Council provides the following operating leases: leaseback vehicles to employees; Retirement Village units; Rental arrangements for employee and aged housing, medical centres, telecommunications tower

Lease income (excluding variable lease payments not dependent on an index or rate)	383	365
Total income relating to operating leases for Council assets	383	365
Other leased assets expenses		
Other	689	588
Total expenses relating to other leases assets	689	588

Reconciliation of IPPE assets leased out as operating leases

\$ '000	Plant & Equipment 2023	Plant & Equipment 2022
Opening balance as at 1 July	10,735	9,204
Additions renewals	165	585
Depreciation expense	(400)	(339)
Revaluation increments to equity (ARR)	90	1,285
Closing balance as at 30 June	10,590	10,735

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	298	–	337	–
Accrued expenses:				
– Other expenditure accruals	1	–	–	–
Security bonds, deposits and retentions	7,544	–	8,231	–
Prepaid rates	97	–	99	–
Other	–	4	–	4
Home Care Packages	50	–	167	–
Total payables	7,990	4	8,834	4

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	7,408	8,095
Total payables	7,408	8,095

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	2,899	-	546	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,002	-	719	-
Total grants received in advance		3,901	-	1,265	-
Other		24	-	408	-
Total contract liabilities		3,925	-	1,673	-

Notes

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

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

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	257	309
Operating grants (received prior to performance obligation being satisfied)	93	201
Total revenue recognised that was included in the contract liability balance at the beginning of the period	350	510

Significant changes in contract liabilities

Significant grants received during the year that Council has accounted for as Contract Liabilities include:

- NSW Local Government Recovery Grant \$1,000,000
- Business Case & Strategy Development Fund \$469,000
- Reconnecting Communities \$96,000
- Regional Drought Resilience Planning \$100,000
- Fixing Local Roads Round 4 - \$91,000

Contract Liabilities at the start of the year relating to a number of SCCF3 projects totaling \$317,000 were removed as liabilities as the works had been completed along with expenditure on Third Party Grants Works reducing by \$384,000.

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

Council does not have any external borrowings or borrowings from or to externally restricted funds.

Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	50	30
Total financing arrangements	50	30
Undrawn facilities		
– Credit cards/purchase cards	50	60
Total undrawn financing arrangements	50	60

C3-4 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	835	–	794	–
Long service leave	1,304	114	1,182	132
Other leave (RDO/TIL)	14	–	12	–
Total employee benefit provisions	2,153	114	1,988	132

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees' benefits	1,436	1,466
	1,436	1,466

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2023	2023	2022	2022
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	32	535	–	1,075
Sub-total – asset remediation/restoration	32	535	–	1,075
Total provisions	32	535	–	1,075

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	1,075	1,075
Remeasurement effects	(549)	(549)
Other	41	41
Total other provisions at end of year	567	567
2022		
At beginning of year	419	419
Additional provisions	8	8
Remeasurement effects	648	648
Total other provisions at end of year	1,075	1,075

Nature and purpose of provisions

Gravel Pit Remediation

Council has a legal/public obligation to make good, restore, rehabilitate and reinstate the Council operated quarries.

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2023	Sewer 2023
Income from continuing operations		
Rates and annual charges	3,426	723
User charges and fees	5,847	–
Interest and investment revenue	697	65
Other revenues	450	9
Grants and contributions provided for operating purposes	11,886	–
Grants and contributions provided for capital purposes	2,273	38
Net gains from disposal of assets	124	–
Other income	459	–
Total income from continuing operations	25,162	835
Expenses from continuing operations		
Employee benefits and on-costs	7,509	183
Materials and services	6,406	253
Borrowing costs	65	–
Depreciation, amortisation and impairment of non-financial assets	4,267	262
Other expenses	479	76
Total expenses from continuing operations	18,726	774
Operating result from continuing operations	6,436	61
Net operating result for the year	6,436	61
Net operating result attributable to each council fund	6,436	61
Net operating result for the year before grants and contributions provided for capital purposes	4,163	23

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Sewer 2023
ASSETS		
Current assets		
Cash and cash equivalents	4,363	2,016
Investments	20,502	–
Receivables	2,547	68
Inventories	5,206	–
Total current assets	32,618	2,084
Non-current assets		
Receivables	280	–
Inventories	429	–
Infrastructure, property, plant and equipment	197,886	14,949
Investments accounted for using the equity method	188	–
Total non-current assets	198,783	14,949
Total assets	231,401	17,033
LIABILITIES		
Current liabilities		
Payables	7,990	–
Contract liabilities	3,925	–
Employee benefit provision	2,153	–
Provisions	32	–
Total current liabilities	14,100	–
Non-current liabilities		
Payables	4	–
Employee benefit provision	114	–
Provisions	535	–
Total non-current liabilities	653	–
Total liabilities	14,753	–
Net assets	216,648	17,033
EQUITY		
Accumulated surplus	104,005	9,396
Revaluation reserves	112,643	7,637
Council equity interest	216,648	17,033
Total equity	216,648	17,033

D2 Interests in other entities

D2-1 Subsidiaries

Council has no interest in any controlled entities (subsidiaries).

\$ '000	Council's share of net assets	
	2023	2022
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	188	184
Total net share of interests in joint ventures and associates using the equity method – assets	188	184
Total Council's share of net assets	188	184

D2-2 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership		2023	2022
			2023	2022		
Riverina Regional Library	Riverina	Joint venture	3.8%	3.8%	188	184
Total carrying amounts – material joint ventures					188	184

Riverina Regional Library

Coolamon Shire Council is a member of the Riverina Regional Library. The Riverina Regional Library is a dynamic and responsive service which is a community focal point for the delivery of lifelong education, recreation and information needs.

Other member Councils include Bland Shire, Cootamundra-Gundagai Regional, Federation, Greater Hume, Junee Shire, Lockhart Shire, Snowy Valleys, Temora Shire and the City of Wagga Wagga.

Wagga Wagga City Council resolved at its meeting held Monday 13 September 2021 not to continue its membership of the Riverina Regional Library (RRL) after the expiry of the current Deed of Agreement on 30 June 2022.

Material joint ventures

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

Details

	Principal activity	Measurement method
Riverina Regional Library	Provision of library services	Equity method

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2023	2022	2023	2022
Riverina Regional Library	3.8%	3.8%	3.8%	3.8%

D2-2 Interests in joint arrangements (continued)

Summarised financial information for joint ventures

\$ '000	Riverina Regional Library	
	2023	2022
Statement of financial position		
Current assets		
Cash and cash equivalents	3,450	3,248
Other current assets	21	27
Non-current assets		
	2,555	2,480
Current liabilities		
Other current liabilities	1,071	899
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	7	4
Net assets	4,948	4,852
Statement of comprehensive income		
Income	3,255	3,142
Interest income	13	26
Depreciation and amortisation	(954)	(925)
Other expenses	(2,419)	(2,066)
Profit/(loss) from continuing operations	(105)	177
Profit/(loss) for the period	(105)	177
Other comprehensive income	201	–
Total comprehensive income	96	177
Share of income – Council (%)	3.8%	3.8%
Profit/(loss) – Council (\$)	(4)	6
Total comprehensive income – Council (\$)	4	6
Summarised Statement of cash flows		
Cash flows from operating activities	1,017	901
Cash flows from investing activities	(816)	(816)
Net increase (decrease) in cash and cash equivalents	201	85
Reconciliation of the carrying amount		
Opening net assets (1 July)	4,852	4,675
Profit/(loss) for the period	(105)	177
Closing net assets	4,747	4,852
Council's share of net assets (%)	3.8%	3.8%
Council's share of net assets (\$)	188	184

The information provided above is for FY2022 as this is the latest information available at the time of Council preparing the Financial Statements.

D2-3 Interests in associates

Council has no interest in any associates.

D2-4 Unconsolidated structured entities

Council has no interest in any unconsolidated structured entities.

D2-5 Subsidiaries, joint arrangements and associates not recognised

Council has not recognised the following

Goldenfields Water County Council

Council is a member of the Goldenfields Water County Council, a body corporate established under the Local Government Act 1993 (NSW) responsible for the water supply functions within the Local Government Areas of Bland, Coolamon, Junee, Temora and parts of Cootamundra-Gundagai, Hilltops and Narrandera. Council does not have control or a significant influence over the County Council and accordingly the County Council has not been consolidated in the financial statements.

Riverina Joint Organisation

Council is a member of the Riverina Joint Organisation, established under the Local Government Act 1993 (NSW) together with the Bland Shire, Cootamundra-Gundagai Regional, Greater Hume Shire, Junee Shire, Temora Shire, Lockhart Shire & Wagga Wagga City Councils. Council does not have control or a significant influence over the joint organisation and accordingly the joint organisation has not been consolidated in the financial statements. The board of RivJO has resolved that the organisation enter a period of hiatus.

Riverina Eastern Regional Organisation of Councils

Council is a member of the Riverina Eastern Regional Organisation of Councils, together with the Bland Shire, Cootamundra-Gundagai Regional, Greater Hume Shire, Junee Shire, Temora Shire, Lockhart Shire and Goldenfields Water County Council. Council does not have control or a significant influence over the organisation and accordingly the organisation has not been consolidated in the 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 price risk, credit risk, liquidity risk and interest rate risk.

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 Council.

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

Financial risk management is undertaken by Council's finance section under policies approved by Council.

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

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
<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	276	260
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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, whether through exposure to individual customers, specific industry sectors and/or regions.

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

Council makes suitable provision for doubtful receivables as required.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
2023				
Gross carrying amount	–	217	11	228
2022				
Gross carrying amount	–	208	9	217

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	1,633	711	5	5	338	2,692
Expected loss rate (%)	0.00%	0.00%	0.00%	1.00%	3.00%	0.38%
ECL provision	–	–	–	–	10	10
2022						
Gross carrying amount	580	45	5	15	359	1,004
Expected loss rate (%)	0.00%	0.00%	0.00%	1.00%	5.00%	1.80%
ECL provision	–	–	–	–	18	18

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2023							
Payables	0.00%	7,544	-	-	-	7,544	7,994
Total financial liabilities		7,544	-	-	-	7,544	7,994
2022							
Payables	0.00%	8,838	-	-	-	8,838	8,838
Total financial liabilities		8,838	-	-	-	8,838	8,838

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).

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Plant and equipment		30/06/2023	30/06/2022	–	–	3,097	3,032	3,097	3,032
Office furniture		30/06/2023	30/06/2022	–	–	152	209	152	209
Operational land		30/06/2023	30/06/2022	6,902	4,442	–	–	6,902	4,442
Community land		30/06/2023	30/06/2022	–	–	2,869	1,932	2,869	1,932
Land improvements		30/06/2023	30/06/2022	–	–	205	205	205	205
Buildings – non-specialised		30/06/2023	30/06/2022	1,248	1,116	–	–	1,248	1,116
Buildings – specialised		30/06/2023	30/06/2022	–	–	26,441	27,647	26,441	27,647
Other structures		30/06/2023	30/06/2022	–	–	5,063	4,805	5,063	4,805
Roads, bridge and footpaths		30/06/2023	30/06/2021	–	–	73,687	71,039	73,687	71,039
Bulk earthworks		30/06/2023	30/06/2021	–	–	71,412	67,388	71,412	67,388
Stormwater drainage		30/06/2023	30/06/2019	–	–	3,634	3,483	3,634	3,483
Sewerage network		30/06/2023	30/06/2018	–	–	13,952	13,182	13,952	13,182
Swimming pools		30/06/2023	30/06/2022	–	–	2,909	2,824	2,909	2,824
Quarry Assets		30/06/2023	30/06/2022	–	–	347	947	347	947
Total infrastructure, property, plant and equipment				8,150	5,558	203,768	196,693	211,918	202,251

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Roads Infrastructure

This asset class comprises the road surface and pavement, bridges, drainage, kerb & gutter and footpaths. The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in house as part of the valuation project undertaken in 2020/2021. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value. Council has indexed the valuations in 2021/2022 & 2022/2023 to account for the increase in construction costs.

Stormwater Drainage Infrastructure

This asset class comprises the pits, pipes, open channels and headwalls. The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in house as part of the valuation project undertaken in 2018/2019. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value. Council has indexed the valuations in 2021/2022 & 2022/2023 to account for the increase in construction costs.

Sewerage Infrastructure

This asset class comprises the treatment works, pumping station, sewerage mains and effluent reuse. The cost approach was adopted to value these assets based on assessments and calculations from condition assessments done in house as part of the valuation project undertaken in 2017/2018. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value. The valuation process was performed in house as compared to being undertaken by consultants in the past. Council indexes sewerage infrastructure assets annually in accordance with the NSW Reference Rates.

Community Land

This asset class comprises all of Council's land classified as Community Land under the NSW Local Government Act 1993. Council has used the Valuer General's Unimproved Capital Land Value (UCV) as the fair value as at 30 June 2023.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Council engaged AssetVal to value all of its operational land with an effective date of 30/06/2023.

Buildings - Specialised & Non-Specialised

This asset class comprises all of Council's buildings, both specialised and non-specialised. Council engaged AssetVal to value all of its buildings with an effective date of 30/06/2023. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs. 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.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

The inputs used for applying the Cost Approach to the valuation process were:

- pattern of consumption
- residual value (where appropriate)
- asset condition
- unit rates
- useful lives

When necessary Council has engaged external consultants with specific expertise to work in conjunction with Council staff to establish the fair value of the assets based on the above inputs Council has applied the five year rolling valuation cycle.

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

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

\$ '000	Fair value (30/6/23) 2023	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
PP&E & Office Equipment	3,249	Cost used to approximate fair value (In House)	Gross replacement cost, useful life and residual value
Community Land	2,869	Land values obtained by the NSW Valuer General (In House)	Land value, land area
Land Improvements	205	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Specialised Buildings	26,441	Unit rates (External Valuer)	Asset condition, remaining lives and residual value
Other Structures	5,063	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Roads, Bridges, Footpaths & Bulk Earthworks	145,099	Unit rates (In House)	Asset condition, remaining lives and residual value
Stormwater	3,634	Unit rates (In House)	Asset condition, remaining lives and residual value
Sewerage	13,952	Unit rates (In House)	Asset condition, remaining lives and residual value
Swimming Pools	2,909	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Gravel Pits	347	Cost used to approximate fair value (In House/External)	Asset condition, remaining lives and residual value

E2-1 Fair value measurement (continued)

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

\$ '000	Total IPP&E (Note 10a)	
	2023	2022
Opening balance	196,693	184,330
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	5,312	10,299
Other movements		
Transfers from/(to) another asset class	710	623
Purchases (GBV)	6,488	5,977
Disposals (WDV)	(58)	(649)
Depreciation and impairment	(4,828)	(4,536)
Adjustments	(549)	649
Closing balance	203,768	196,693

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

Transfers from/(to) another asset class for both the FY2023 and FY2022 financial years are relating to WIP transfers

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 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 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

Description of the extent to which the entity can be liable to the plan for other entities' 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.

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$7,459. The last valuation of the Scheme was performed by fund Actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$5,731. Council's expected contribution to the plan for the next annual reporting period is \$4,926.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

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

The share of any funding surplus or deficit that can be attributed to Council is 0.02%

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	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY22/23 2.5% per annum thereafter

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023.

(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 June 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.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	940	844
Post-employment benefits	77	71
Other long-term benefits	31	30
Total	1,048	945

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

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
2023						
Clr B Hutcheon - Developer donated assets	3	141	-		-	-
2022						
Clr K Maslin - Complying Development application by related party to KMP	1	6	-		-	-
Mr T Donoghue - Development Application by KMP	2	7	-		-	-
Clr B Hutcheon - Developer donated assets	3	-	-		-	-

1 DA Lodged & approved by related party of KMP

2 DA Lodged & approved by KMP

3 KMP donated Road assets as per condition of consent for Subdivision DA

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	15	13
Councillors' fees	86	78
Other Councillors' expenses (including Mayor)	9	11
Total	110	102

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	38	35
Remuneration for audit and other assurance services	38	35
Total Auditor-General remuneration	38	35
Non NSW Auditor-General audit firms		
(ii) Non-assurance services		
Other services	4	4
Remuneration for non-assurance services	4	4
Total remuneration of non NSW Auditor-General audit firms	4	4
Total audit fees	42	39

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	6,497	5,675
Add / (less) non-cash items:		
Depreciation and amortisation	4,529	4,189
(Gain) / loss on disposal of assets	(124)	189
Non-cash capital grants and contributions	(145)	(156)
Share of net (profits)/losses of associates/joint ventures using the equity method	4	(6)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,696)	(112)
Increase / (decrease) in provision for impairment of receivables	3	(47)
(Increase) / decrease of inventories	5	(36)
Increase / (decrease) in payables	(39)	(60)
Increase / (decrease) in other accrued expenses payable	1	–
Increase / (decrease) in other liabilities	(806)	(424)
Increase / (decrease) in contract liabilities	2,252	122
Increase / (decrease) in employee benefit provision	147	9
Increase / (decrease) in other provisions	(508)	656
Net cash flows from operating activities	10,120	9,999

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Road infrastructure	97	–
Buildings	719	115
Plant and equipment	278	99
Sewer Infrastructure	57	44
Other	101	107
Real Estate Development	408	2,034
Total commitments	1,660	2,399
These expenditures are payable as follows:		
Within the next year	1,660	2,399
Total payable	1,660	2,399

Details of capital commitments

Council had committed to a number of contracts relating to the development of the Coolamon Business Park that remained unfulfilled at the end of the financial year. These contracts amounted to \$219,000. Council had also committed to infrastructure works for a residential subdivision in Stinson Street, Coolamon amounting to \$189,000. Council had signed a contract for the construction of a residential dwelling with commitments amounting to \$506,000 remaining at year's end. In addition to this, Council had committed to the purchase of plant amounting to \$278,000 and road reseals of \$95,000.

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2023

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Footpaths	6	3	-	-	-	-	9	-	
Kerb & Gutter	16	8	-	-	-	-	25	-	
Roads & Carparking	59	30	-	-	-	-	88	-	
Roads Recoupment	-	3	-	-	-	(3)	-	(124)	
Plan administration	1	1	-	-	-	-	2	-	
Haulage	8	7	-	-	-	-	16	-	
S7.11 contributions – under a plan	90	52	-	-	-	(3)	140	(124)	
Total S7.11 and S7.12 revenue under plans	90	52	-	-	-	(3)	140	(124)	
Total contributions	90	52	-	-	-	(3)	140	(124)	

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN NUMBER 1										
Footpaths	6	3	-	-	-	-	-	-	9	-
Kerb & Gutter	16	8	-	-	-	-	-	-	25	-
Roads & Carparking	59	30	-	-	-	-	-	-	88	-
Plan administration	1	1	-	-	-	-	-	-	2	-
Roads Recoupment	-	3	-	-	-	-	(3)	-	-	(124)
Haulage	8	7	-	-	-	-	-	-	16	-
Total	90	52	-	-	-	-	(3)	140	(124)	

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	4,069	17.33%	8.53%	8.72%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	23,486				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	11,600	44.97%	46.41%	51.34%	> 60.00%
Total continuing operating revenue ¹	25,797				
3. Unrestricted current ratio					
Current assets less all external restrictions	13,801	10.66x	10.50x	10.16x	> 1.50x
Current liabilities less specific purpose liabilities	1,295				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,663	133.28x	252.83x	217.46x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	65				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	214	4.90%	4.74%	4.99%	< 10.00%
Rates and annual charges collectable	4,364				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	26,881	20.05 months	25.29 months	24.89 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	1,340				

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Sewer Indicators		Benchmark
	2023	2022	2023	2022	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	17.83%	8.55%	2.89%	8.18%	> 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	43.28%	45.33%	95.45%	66.84%	> 60.00%
Total continuing operating revenue ¹					
3. Unrestricted current ratio					
Current assets less all external restrictions	10.66x	10.50x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities					
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	128.89x	238.78x	∞	∞	> 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	4.43%	5.74%	7.12%	0.00%	< 10.00%
Rates and annual charges collectable					
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	18.55 months	23.19 months	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities					

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

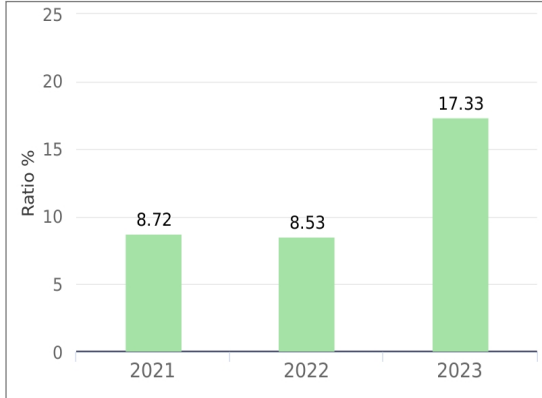
(3) General fund refers to all of Council's activities except for its sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 17.33%

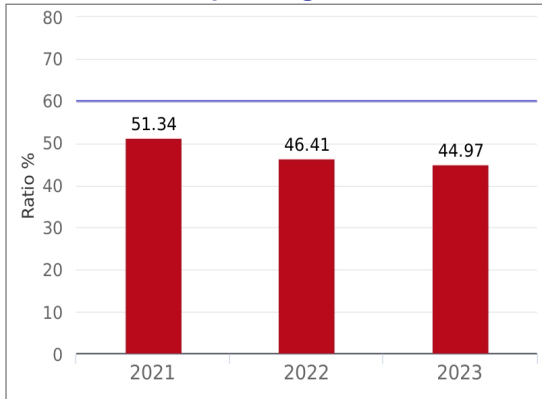
Council continues to achieve a positive Operating Performance Ratio greater than the benchmark of 0.00%.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 44.97%

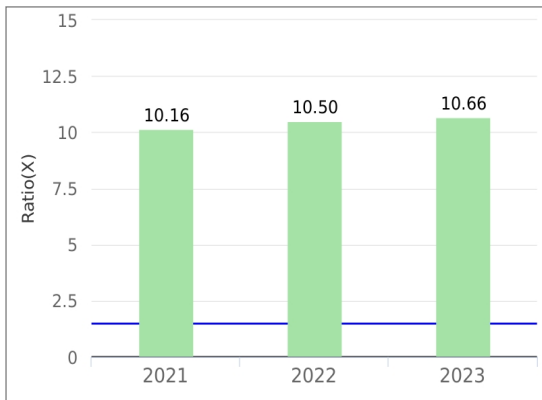
Council continues to source grants government grants where available. Successfully obtaining these grants leads to an unfavourable result for this ratio.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 10.66x

Council continues to maintain a strong Unrestricted Current Ratio which is much higher than the benchmark of 1.5x.

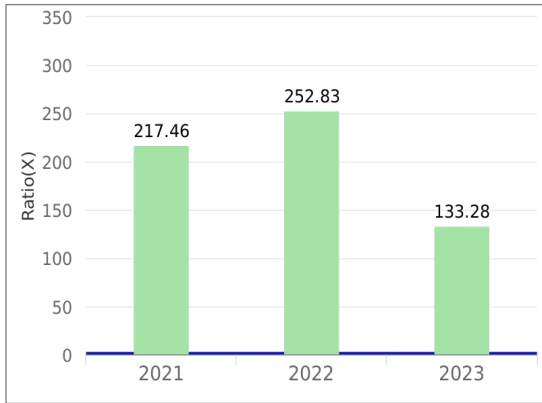
Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 133.28x

Council has a strong Debt Service Cover Ratio due to it not having external financing arrangements.

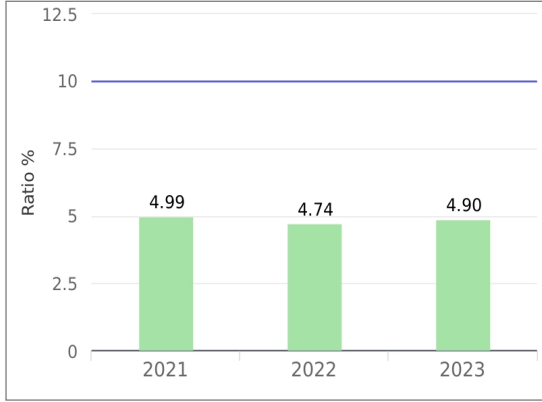
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 4.90%

Council's Rates and Annual Charges Outstanding Percentage remains well under the benchmark for Rural Councils of 10.0%.

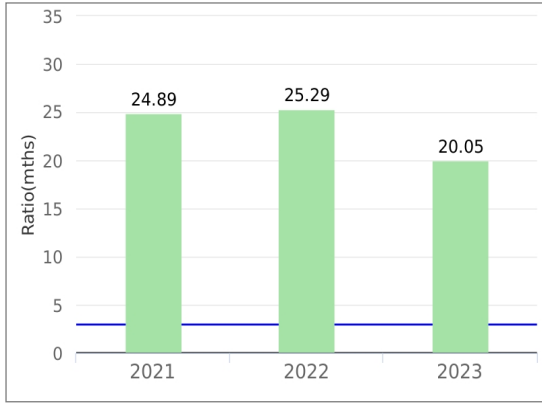
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 20.05 months

Council's Cash Expense Cover Ratio has continued to hold relatively steady over a number of years and is well over the benchmark of 3 months.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

55 Cowabbie Street
COOLAMON NSW 2701

Contact details

Mailing Address:

PO Box 101
COOLAMON NSW 2701

Telephone: 02 6930 1800

Facsimile: 02 6927 3168

Opening hours:

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

Internet: www.coolamon.nsw.gov.au

Email: council@coolamon.nsw.gov.au

Officers

GENERAL MANAGER

Mr Tony Donoghue

RESPONSIBLE ACCOUNTING OFFICER

Ms Samantha Jennings

PUBLIC OFFICER

Mr Tony Donoghue

AUDITORS

Audit Office of New South Wales

CONTRACT AUDIT AGENT

Crowe
491 Smollett Street
ALBURY NSW 2640

Elected members

MAYOR

Clr David McCann

COUNCILLORS

Clr Jeremy Crocker
Clr Bronwyn Hatty
Clr Bruce Hutcheon
Clr Wayne Lewis
Clr Kathy Maslin
Clr Colin McKinnon
Clr Garth Perkin
Clr Alan White

Other information

ABN: 32 573 173 265



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Coolamon Shire Council

To the Councillors of Coolamon Shire Council

Qualified Opinion

I have audited the accompanying financial statements of Coolamon 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 2023, the Statement of Financial Position as at 30 June 2023, 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, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Qualified Opinion

Non recognition of rural fire-fighting equipment

As disclosed in Note C1-6 'Infrastructure, property, plant and equipment' to the financial statements, the Council has not recognised rural fire-fighting equipment as assets in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 21 June 2007
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

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

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

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2023
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:


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

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

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

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

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

A handwritten signature in black ink that reads "Nirupama Mani". The signature is written in a cursive style with a small arrow pointing downwards at the end of the word "Mani".

Nirupama Mani
Delegate of the Auditor-General for New South Wales

30 October 2023
SYDNEY



Mr David McCann
Mayor
Coolamon Shire Council
PO Box 101
COOLAMON NSW 2701

Contact: Nirupama Mani
Phone no: (02) 9275 7111
Our ref: R008-16585809-46036

30 October 2023

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Coolamon Shire Council**

I have audited the general purpose financial statements (GPFS) of the Coolamon Shire Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Modification to the opinion in the Independent Auditor's Report

Non-recognition of rural fire-fighting equipment

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position as at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

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

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

- these assets are vested in Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the *Rural Fires Act*, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 21 June 2007
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the *Rural Fires Act*. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the *Rural Fires Act*) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

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

Consequently, we were unable to determine the carrying values of rural fire-fighting equipment assets and related amounts that should be recorded and recognised in the Council's 30 June 2023 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2023 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's report on the GPFS.

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	4.1	4.1	0.1
Grants and contributions revenue	14.2	12.4	14.5
Operating result from continuing operations	6.5	5.7	14.0
Net operating result before capital grants and contributions	4.2	1.4	200.0

Rates and annual charges revenue (\$4.1 million) was consistent with the 2021–22 result.

Grants and contributions revenue (\$14.2 million) increased by \$1.8 million (14.5 per cent) in 2022–23 due to:

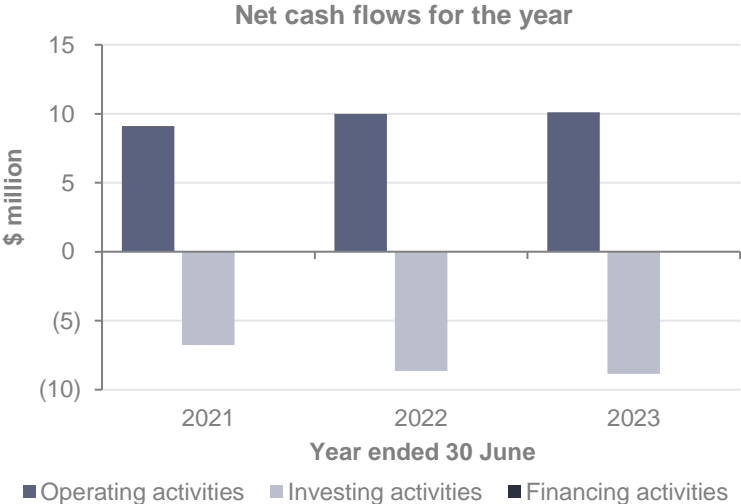
- \$2.6 million of Regional and Local Roads Repair Programme grants were received in 2022–23
- This was partially offset by \$0.7 million decrease in LRCIP Funding in 2022–23.

The Council’s operating result from continuing operations (\$6.5 million including depreciation and amortisation expense of \$4.5 million) was \$0.8 million higher than the 2021–22 result. This is due to more grants recognised this year.

The net operating result before capital grants and contributions (\$4.2 million) was \$2.8 million higher than the 2021–22 result. This is due to higher grants and contributions provided for operating purposes, user charges and fees and interest and investment income.

STATEMENT OF CASH FLOWS

- The Council's cash and cash equivalents was \$6.4 million (\$5.1 million for the year ended 30 June 2022). There was a net increase in cash and cash equivalents of \$1.3 million during 2022–23.
- Net cash provided by operating activities has increased by \$0.1 million. This is due to an increase in receipts of grants and contributions of \$3.2 million, offset by an increase in payments for materials and services of \$1.1 million and other payments by \$1.0 million.
- Net cash used in investing activities has increased by \$0.2 million due to a net increase in payments for IPPE of \$1.0 million and increase in purchase of real estate assets of \$1.4 million, offset by a decrease in redemption of term deposits of \$3.8 million.
- Council has no net cash flow used in financing activities as there is no borrowing arrangement during 2022–23.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	26.9	27.1	<ul style="list-style-type: none"> Externally restricted balances comprise mainly of specific purpose unexpended grants – general funds. The increase of \$2.8 million is primarily due to a \$4.8 million increase in specific purpose unexpended grants and offset by the \$0.9 million decrease in Allawah Lodge Accommodation Bonds & Payments and \$0.8 million decrease in specific purpose unexpended grants (recognised as revenue) – general fund. Internal allocations are determined by Council policies or decisions, which are subject to change. The decrease of \$3.7 million in the internal allocations is mainly due to a \$4.5 million decrease in the Asset Management – General Fund.
Restricted cash and investments:			
• External restrictions	17.2	14.4	
• Internal allocations	8.8	12.5	
• Unrestricted	0.8	0.2	

Debt

Council has no external borrowings as at 30 June 2023.

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 exceeded the OLG benchmark for the current reporting period.

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

The operating performance ratio increased by 8.8 per cent from prior year largely due to increase in grants and contributions provided for operating purposes.

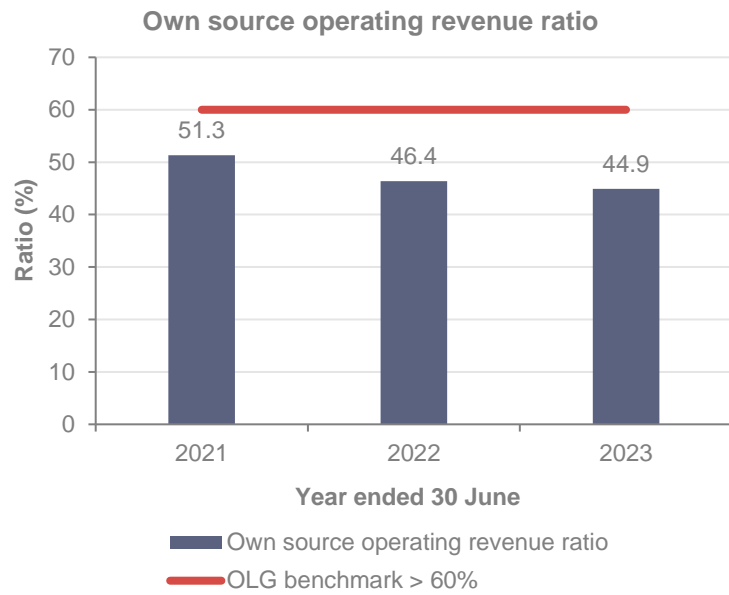


Own source operating revenue ratio

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.

The own source operating revenue ratio decreased by 1.4 per cent from 46.4 per cent in 2022 due to higher level of grants and contributions received in the current year.

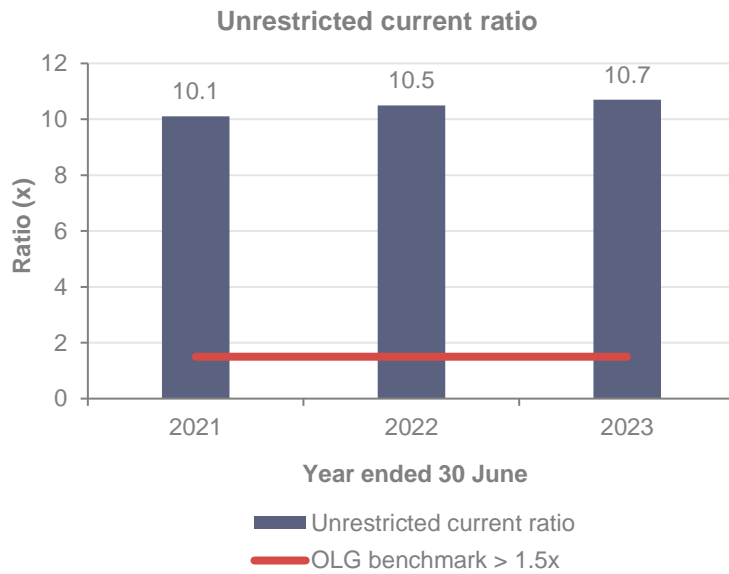


Unrestricted current ratio

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

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

The Council's unrestricted current ratio of 10.7 times is consistent with the prior year.

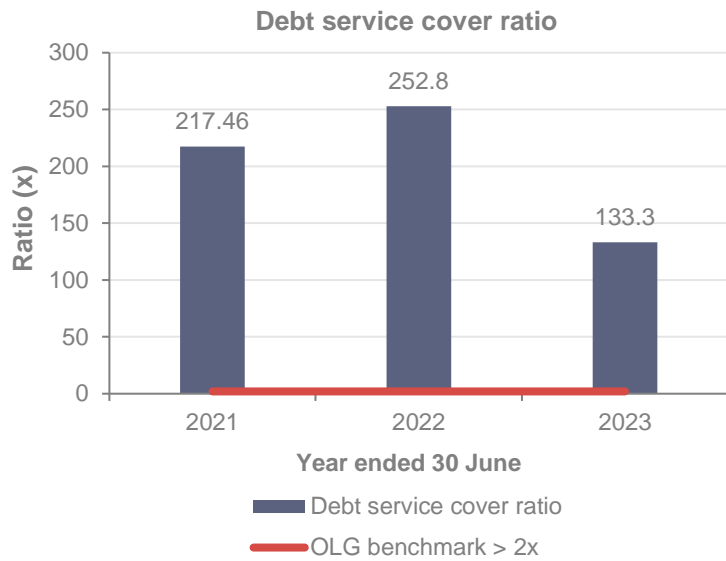


Debt service cover ratio

The Council exceeded 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.

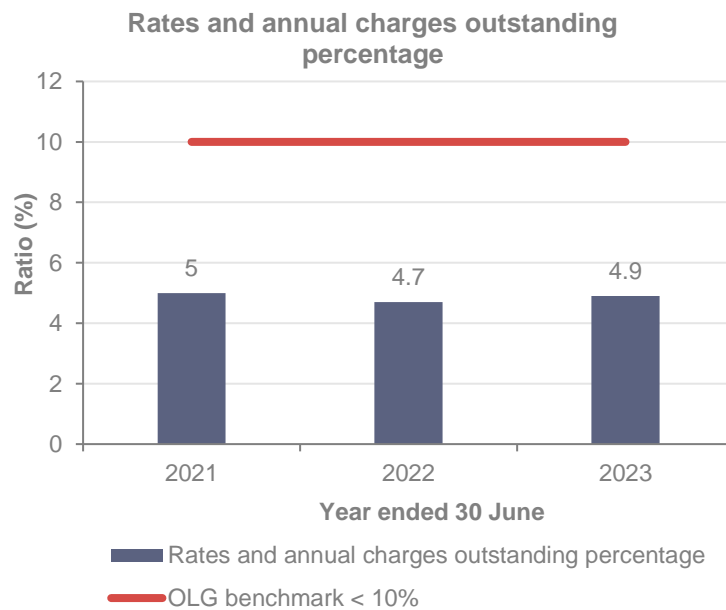
Council continues did not have external debt as at 30 June 2023.



Rates and annual charges outstanding percentage

The Council is within the OLG benchmark for the current reporting period.

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

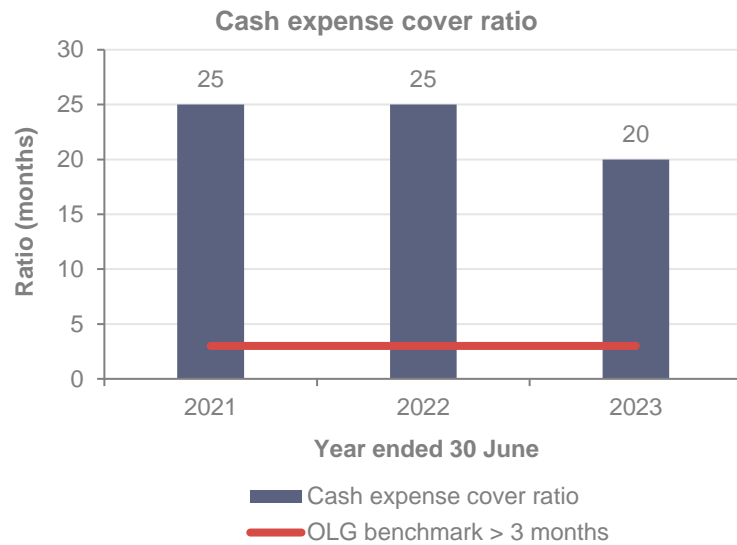


Cash expense cover ratio

The Council exceeded 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.

The Council's cash expense cover ratio was 20 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 20 months of operating cash expenditure without additional cash inflows at 30 June 2023.



Infrastructure, property, plant and equipment renewals

The Council renewed \$5.3 million of assets in 2022–23, compared to \$4.4 million of assets in 2021–22. Council spent 3.5 million on the renewal of the road network in 2022–23 compared to \$2.2 million in 2021–22.

A further \$3.5 million was spent on new assets including:

- \$1.6 million on operational land acquisitions; and
- \$1.2 million on construction of new roads.

OTHER MATTERS

Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements due to the non-recognition of rural fire-fighting equipment which will be reported in the Management Letter.

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

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

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Tony Donoghue, General Manager
Mr Grant Baker, Chair of Audit, Risk and Improvement Committee
Ms Courtney Armstrong, Executive Manager, Corporate & Community Services
Ms Kiersten Fishburn, Secretary of the Department of Planning and Environment

Coolamon Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Coolamon Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of sewerage business activity	4
Income Statement of Allawah Complex	5
Income Statement of Coolamon Early Childhood Centre	6
Statement of Financial Position of sewerage business activity	7
Statement of Financial Position of Allawah Complex	8
Statement of Financial Position of Coolamon Early Childhood Centre	9
Note – Significant Accounting Policies	10
Auditor's Report on Special Purpose Financial Statements	13

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).

Coolamon Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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:

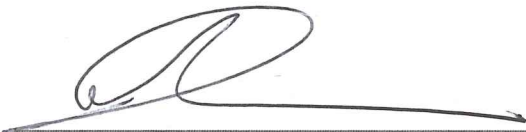
- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government *Code of Accounting Practice and Financial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

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

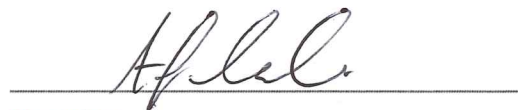
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 19 October 2023.



David McCann
Mayor
19 October 2023



Alan White
Councillor
19 October 2023



Tony Donoghue
General Manager
19 October 2023



Samantha Jennings
Responsible Accounting Officer
19 October 2023

Coolamon Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	723	749
Interest and investment income	65	17
Other income	9	4
Total income from continuing operations	797	770
Expenses from continuing operations		
Employee benefits and on-costs	183	196
Materials and services	252	174
Depreciation, amortisation and impairment	262	260
Other expenses	77	77
Total expenses from continuing operations	774	707
Surplus (deficit) from continuing operations before capital amounts	23	63
Grants and contributions provided for capital purposes	38	382
Surplus (deficit) from continuing operations after capital amounts	61	445
Surplus (deficit) from all operations before tax	61	445
Less: corporate taxation equivalent (25%) [based on result before capital]	(6)	(16)
Surplus (deficit) after tax	55	429
Plus accumulated surplus	9,335	8,890
– Corporate taxation equivalent	6	16
Closing accumulated surplus	9,396	9,335
Return on capital %	0.2%	0.5%
Subsidy from Council	578	437
Calculation of dividend payable:		
Surplus (deficit) after tax	55	429
Less: capital grants and contributions (excluding developer contributions)	(38)	(328)
Surplus for dividend calculation purposes	17	101
Potential dividend calculated from surplus	9	51

Coolamon Shire Council

Income Statement of Allawah Complex

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
Income from continuing operations		
User charges	2,341	2,439
Interest and investment income	249	60
Grants and contributions provided for operating purposes	–	153
Other income	372	357
Total income from continuing operations	2,962	3,009
Expenses from continuing operations		
Employee benefits and on-costs	1,735	1,701
Borrowing costs	24	15
Materials and services	788	791
Depreciation, amortisation and impairment	457	396
Other expenses	137	129
Total expenses from continuing operations	3,141	3,032
Surplus (deficit) from continuing operations before capital amounts	(179)	(23)
Grants and contributions provided for capital purposes	4	3
Surplus (deficit) from continuing operations after capital amounts	(175)	(20)
Surplus (deficit) from all operations before tax	(175)	(20)
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
Surplus (deficit) after tax	(175)	(20)
Plus accumulated surplus	7,541	7,561
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	7,366	7,541
Return on capital %	(1.3)%	(0.1)%
Subsidy from Council	640	472

Coolamon Shire Council

Income Statement of Coolamon Early Childhood Centre

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
Income from continuing operations		
User charges	824	861
Grants and contributions provided for operating purposes	72	31
Other income	8	28
Total income from continuing operations	904	920
Expenses from continuing operations		
Employee benefits and on-costs	741	728
Materials and services	88	66
Depreciation, amortisation and impairment	41	35
Other expenses	10	10
Total expenses from continuing operations	880	839
Surplus (deficit) from continuing operations before capital amounts	24	81
Grants and contributions provided for capital purposes	–	15
Surplus (deficit) from continuing operations after capital amounts	24	96
Surplus (deficit) from all operations before tax	24	96
Less: corporate taxation equivalent (25%) [based on result before capital]	(6)	(20)
Surplus (deficit) after tax	18	76
Plus accumulated surplus	883	787
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	6	20
Closing accumulated surplus	907	883
Return on capital %	2.1%	6.9%
Subsidy from Council	22	–

Coolamon Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	2,016	2,257
Receivables	68	59
Total current assets	2,084	2,316
Non-current assets		
Infrastructure, property, plant and equipment	14,949	13,666
Total non-current assets	14,949	13,666
Total assets	17,033	15,982
Net assets	17,033	15,982
EQUITY		
Accumulated surplus	9,396	9,335
Revaluation reserves	7,637	6,647
Total equity	17,033	15,982

Coolamon Shire Council

Statement of Financial Position of Allawah Complex

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	8,949	9,489
Receivables	-	9
Total current assets	8,949	9,498
Non-current assets		
Infrastructure, property, plant and equipment	12,056	12,664
Total non-current assets	12,056	12,664
Total assets	21,005	22,162
LIABILITIES		
Current liabilities		
Payables	7,553	8,237
Employee benefit provisions	221	214
Total current liabilities	7,774	8,451
Non-current liabilities		
Payables	-	-
Employee benefit provisions	6	8
Total non-current liabilities	6	8
Total liabilities	7,780	8,459
Net assets	13,225	13,703
EQUITY		
Accumulated surplus	7,366	7,541
Revaluation reserves	5,859	6,162
Total equity	13,225	13,703

Coolamon Shire Council

Statement of Financial Position of Coolamon Early Childhood Centre

as at 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	235	443
Receivables	–	1
Total current assets	235	444
Non-current assets		
Infrastructure, property, plant and equipment	1,132	1,166
Total non-current assets	1,132	1,166
Total assets	1,367	1,610
LIABILITIES		
Current liabilities		
Payables	5	4
Employee benefit provisions	89	79
Total current liabilities	94	83
Non-current liabilities		
Payables	–	–
Borrowings	–	285
Employee benefit provisions	5	5
Total non-current liabilities	5	290
Total liabilities	99	373
Net assets	1,268	1,237
EQUITY		
Accumulated surplus	907	883
Revaluation reserves	361	354
Total equity	1,268	1,237

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 2021 (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. Allawah Complex

Provision of Residential Aged Care and Retirement Village accommodation.

Category 2

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

a. Coolamon Shire Sewerage Services

Council's sewerage reticulation and treatment activities

b. Coolamon Early Childhood Centre

Provision of long day care.

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – **25%** (21/22 25%)

Note – Significant Accounting Policies (continued)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with section 4 on Department of Planning and Environment (DPE) – Water’s regulator and assurance framework, 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 regulator and assurance frameworks as a ‘dividend for taxation equivalent’, may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to sections 3 and 4 of DPE – Water’s regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (21/22 25%).

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

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 4.02% at 30/6/23.

Note – Significant Accounting Policies (continued)

(iii) Dividends

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

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 sewerage assessments at 30 June 2021 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

Coolamon Shire Council

To the Councillors of Coolamon Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Coolamon 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 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- sewerage business activity
- Allawah Complex
- Coolamon Early Childhood Centre.

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 2023, 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 2022–23 (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).

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

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 2023 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 that reads "Nirupama Mani". The signature is written in a cursive style with a downward-pointing arrow at the end of the word "Mani".

Nirupama Mani
Delegate of the Auditor-General for New South Wales

30 October 2023
SYDNEY

Coolamon Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Coolamon Shire Council

Special Schedules

for the year ended 30 June 2023

Contents

Page

Special Schedules:

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2023 4

Coolamon Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	2,560	2,635
Plus or minus adjustments ²	b	(2)	3
Notional general income	c = a + b	2,558	2,638
Permissible income calculation			
Special variation percentage ³	d	2.50%	0.00%
Or rate peg percentage	e	0.00%	3.70%
Plus special variation amount	h = d x (c + g)	64	-
Or plus rate peg amount	i = e x (c + g)	-	97
Sub-total	k = (c + g + h + i + j)	2,622	2,735
Plus (or minus) last year's carry forward total	l	13	-
Sub-total	n = (l + m)	13	-
Total permissible income	o = k + n	2,635	2,735
Less notional general income yield	p	2,635	2,728
Catch-up or (excess) result	q = o - p	(1)	6
Carry forward to next year ⁶	t = q + r + s	(1)	6

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) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

Coolamon Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings – non-specialised	–	–	14	15	1,248	1,491	100.0%	0.0%	0.0%	0.0%	0.0%
	Buildings – specialised	–	–	967	977	26,441	47,840	11.9%	52.0%	23.2%	11.1%	1.8%
	Sub-total	–	–	981	992	27,689	49,331	14.5%	50.4%	22.5%	10.7%	1.9%
Other structures	Other structures	–	–	693	981	5,063	7,587	48.4%	41.8%	3.2%	5.3%	1.3%
	Sub-total	–	–	693	981	5,063	7,587	48.4%	41.8%	3.2%	5.3%	1.3%
Roads	Sealed Roads - Seal	–	–	745	1,081	19,242	24,544	71.5%	24.0%	4.2%	0.3%	0.0%
	Sealed Roads - Pavement	–	–	–	–	33,600	43,127	37.7%	54.1%	8.2%	0.0%	0.0%
	Unsealed Roads - Pavement	–	–	564	730	4,688	6,885	55.3%	42.4%	2.3%	0.0%	0.0%
	Kerb & Gutter	–	–	–	–	10,800	11,752	44.5%	52.8%	2.2%	0.1%	0.4%
	Bridges	–	–	–	–	2,552	3,381	12.4%	87.6%	0.0%	0.0%	0.0%
	Footpaths/Cycleways	–	–	10	21	2,804	3,355	60.3%	36.5%	2.8%	0.4%	0.0%
	Bulk earthworks	–	–	–	–	71,412	71,412	100.0%	0.0%	0.0%	0.0%	0.0%
Sub-total	–	–	1,319	1,832	145,099	164,456	71.0%	25.9%	3.1%	0.1%	(0.1%)	
Stormwater drainage	Stormwater drainage	–	–	23	34	3,634	4,570	42.2%	0.9%	56.9%	0.0%	0.0%
	Sub-total	–	–	23	34	3,634	4,570	42.2%	0.9%	56.9%	0.0%	0.0%
Sewerage network	Sewerage network	–	–	278	371	13,952	22,572	70.0%	27.0%	3.0%	0.0%	0.0%
	Sub-total	–	–	278	371	13,952	22,572	70.0%	27.0%	3.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	227	221	2,909	4,909	0.0%	65.1%	34.9%	0.0%	0.0%
	Sub-total	–	–	227	221	2,909	4,909	0.0%	65.1%	34.9%	0.0%	0.0%
Total – all assets		–	–	3,521	4,431	198,346	253,425	57.3%	31.5%	8.5%	2.3%	0.4%

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

Infrastructure asset condition assessment 'key'

1. Excellent - No work required (normal maintenance)	4. Poor - Renewal Required
2. Good - Only minor maintenance work required	5. Very Poor - Urgent renewal/upgrading required
3. Average - Maintenance work required	

Coolamon Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	3,903	96.32%	104.77%	135.92%	> 100.00%
Depreciation, amortisation and impairment	4,052				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	–	0.00%	0.00%	0.00%	< 2.00%
Net carrying amount of infrastructure assets	198,346				
Asset maintenance ratio					
Actual asset maintenance	4,431	125.84%	109.40%	107.72%	> 100.00%
Required asset maintenance	3,521				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	–	0.00%	0.00%	0.00%	
Gross replacement cost	253,425				

(*) 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.