



Appendix 2
Financial Statements
for the year ended 30 June 2022

Tenterfield Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

"Quality Nature, Quality Heritage and Quality Lifestyle"



Tenterfield Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

"Quality Nature, Quality Heritage and Quality Lifestyle"



Tenterfield Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

247 Rouse Street
Tenterfield NSW 2372

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.tenterfield.nsw.gov.au.

Tenterfield Shire Council

General Purpose Financial Statements for the year ended 30 June 2022

Understanding Council's Financial Statements

Each year NSW Local Governments are required to present audited financial statements to their council and community.

Tenterfield Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

The attached general purpose financial statements have been prepared in accordance with:

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

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

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

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

Signed in accordance with a resolution of Council made on 24 August 2022.



Bronwyn Petrie
Mayor
24 August 2022



John Macnish
Deputy Mayor
24 August 2022



Daryl Buckingham
Chief Executive
24 August 2022



Roy Jones
Responsible Accounting Officer
24 August 2022

Tenterfield Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
	Income from continuing operations			
11,035	Rates and annual charges	B2-1	11,260	10,765
2,682	User charges and fees	B2-2	2,466	2,919
1,762	Other revenues	B2-3	1,712	1,090
8,600	Grants and contributions provided for operating purposes	B2-4	16,711	11,926
3,721	Grants and contributions provided for capital purposes	B2-4	15,505	20,028
120	Interest and investment income	B2-5	122	66
-	Other income	B2-6	160	174
27,920	Total income from continuing operations		47,936	46,968
	Expenses from continuing operations			
9,388	Employee benefits and on-costs	B3-1	8,836	8,473
3,633	Materials and services	B3-2	10,132	8,346
618	Borrowing costs	B3-3	562	485
7,891	Depreciation, amortisation and impairment of non-financial assets	B3-4	7,945	7,608
2,398	Other expenses	B3-5	817	1,751
270	Net loss from the disposal of assets	B4-1	2,048	2,812
24,198	Total expenses from continuing operations		30,340	29,475
3,722	Operating result from continuing operations		17,596	17,493
3,722	Net operating result for the year attributable to Council		17,596	17,493
1	Net operating result for the year before grants and contributions provided for capital purposes		2,091	(2,535)

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

Tenterfield Shire Council

Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
Net operating result for the year – from Income Statement		17,596	17,493
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	49,418	1,133
Total items which will not be reclassified subsequently to the operating result		49,418	1,133
Total other comprehensive income for the year		49,418	1,133
Total comprehensive income for the year attributable to Council		67,014	18,626

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

Tenterfield Shire Council

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	37,107	13,383
Receivables	C1-3	3,021	5,026
Inventories	C1-4	326	355
Contract assets and contract cost assets	C1-5	5,547	7,417
Total current assets		46,001	26,181
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	531,427	469,004
Intangible assets	C1-7	772	789
Right of use assets	C2-1	126	246
Total non-current assets		532,325	470,039
Total assets		578,326	496,220
LIABILITIES			
Current liabilities			
Payables	C3-1	4,458	2,433
Contract liabilities	C3-2	11,721	3,412
Lease liabilities	C2-1	36	63
Borrowings	C3-3	870	804
Employee benefit provisions	C3-4	1,539	1,912
Provisions	C3-5	1,412	863
Total current liabilities		20,036	9,487
Non-current liabilities			
Lease liabilities	C2-1	113	153
Borrowings	C3-3	17,979	12,905
Provisions	C3-5	2,168	2,659
Total non-current liabilities		20,260	15,717
Total liabilities		40,296	25,204
Net assets		538,030	471,016
EQUITY			
Accumulated surplus		188,973	171,377
IPPE revaluation reserve	C4-1	349,057	299,639
Council equity interest		538,030	471,016
Total equity		538,030	471,016

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

Tenterfield Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
11,035	Rates and annual charges		11,316	10,984
2,682	User charges and fees		3,007	3,102
120	Interest received		103	183
12,321	Grants and contributions		44,144	29,518
–	Bonds, deposits and retentions received		53	25
1,762	Other		431	187
<i>Payments:</i>				
(9,388)	Payments to employees		(9,166)	(8,349)
(3,633)	Payments for materials and services		(8,860)	(10,071)
(618)	Borrowing costs		(471)	(437)
(2,398)	Other		(146)	(807)
11,883	Net cash flows from operating activities	G1-1	40,411	24,335
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of real estate assets		49	324
2,418	Proceeds from sale of IPPE		–	–
<i>Payments:</i>				
(17,786)	Payments for IPPE		(21,729)	(29,462)
–	Purchase of intangible assets		(80)	(211)
(15,368)	Net cash flows from investing activities		(21,760)	(29,349)
Cash flows from financing activities				
<i>Receipts:</i>				
5,905	Proceeds from borrowings		5,904	4,049
<i>Payments:</i>				
(803)	Repayment of borrowings		(764)	(650)
(60)	Principal component of lease payments		(67)	(68)
5,042	Net cash flows from financing activities		5,073	3,331
1,557	Net change in cash and cash equivalents		23,724	(1,683)
13,383	Cash and cash equivalents at beginning of year		13,383	15,066
14,940	Cash and cash equivalents at end of year	C1-1	37,107	13,383

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

Tenterfield Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 24 August 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Council is a not for-profit entity.

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

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

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

and are clearly marked.

COVID-19

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

Council did not identify any potential material adjustments required to be done as a result of the pandemic. Even though the pandemic had a widespread effect on slowing down economies around the world, as at 30 June 2022 it is hard to predict any significant future implications on Council's business. Council's business operations remain on the same pattern. Council is not aware of any post balance sheet date events which would result in separate disclosures or adjustments to the 30 June 2022 financial results. Hence, 30 June 2022 financial statements were prepared on a going concern basis.

Domestic and international situation

Widespread volatility caused by international and domestic events in 2022 (war in Ukraine, natural disasters in NSW and nationwide, etc.) has significantly impacted supply chains, labour costs and inflation. With continuing changes in material costs, labour shortages and supply issues there has been a significant increases in amount of discussion and data regarding changes in construction costs. Commodity prices including key construction materials have seen significant increases over the last 2 years. As a result of assessment done, council has performed indexation of its infrastructure assets to ensure their carrying amount is not materially different to fair value as at 30 June 2022 (see Note C1-6). Management keeps monitoring ongoing developments on the international and Australian markets and the impact they may have on the financial results and position of the council.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

A1-1 Basis of preparation (continued)

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

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

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-3.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Tenterfield Water service
- Tenterfield Sewerage service
- Stormwater Management Fund
- Waste Management Fund

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

- Sir Henry Parkes Memorial Management Committee (Joint Committee);
- Tenterfield Saleyards Advisory Committee;
- Aboriginal Advisory Committee;
- Heritage Advisory Committee;
- ANZAC Centenary Steering Committee; and
- Disability, Inclusion and Access Advisory 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 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.

A1-1 Basis of preparation (continued)

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

Volunteer services

Council does not recognise services provided by volunteers in its income statement due to the immateriality and unjustifiable cost of trying to reliably capture and assign a value to the many services volunteers in our community provide.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

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

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

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

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

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

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

This Standard amends a number of standards as follows:

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

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

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

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

This Standard amends a number of standards as follows:

A1-1 Basis of preparation (continued)

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

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

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

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

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

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

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

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

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

New accounting standards adopted during the year

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

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

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Functions or activities										
Civic Office	34	16	408	405	(374)	(389)	24	16	262	262
Organisation and Leadership	-	-	925	817	(925)	(817)	-	-	9	-
Community Development	253	10	75	188	178	(178)	253	10	354	354
Economic Growth and Tourism	393	1,100	1,046	1,411	(653)	(311)	386	1,062	3,122	2,043
Theatre and Museum Complex	99	72	287	259	(188)	(187)	11	(21)	348	196
Finance and Technology	9,510	8,126	1,035	1,059	8,475	7,067	4,581	3,387	23,000	9,317
Corporate and Governance	1	1	728	688	(727)	(687)	-	-	346	576
Workforce Development	473	262	1,161	1,507	(688)	(1,245)	139	52	-	-
Library Services	86	86	484	466	(398)	(380)	82	81	156	131
Emergency Services	145	317	722	639	(577)	(322)	145	316	633	634
Asset Management and Resourcing	2	1	654	647	(652)	(646)	-	-	2,277	2,035
Commercial Works	118	283	89	195	29	88	-	-	-	-
Environmental Management	168	503	286	638	(118)	(135)	165	498	21	23
Planning and Regulation	701	1,808	615	582	86	1,226	299	909	317	334
Plant, Fleet and Equipment	60	70	(201)	(511)	261	581	-	-	7,665	7,967
Buildings and Amenities	265	1,838	1,187	1,428	(922)	410	120	1,579	12,586	10,851
Livestock Saleyards	120	103	144	135	(24)	(32)	-	-	1,520	2,295
Parks, Gardens and Open Space	195	135	1,081	1,115	(886)	(980)	71	21	11,684	10,025
Swimming Complex	-	20	193	189	(193)	(169)	-	20	854	961
Stormwater and Drainage	74	74	170	100	(96)	(26)	2	2	4,745	3,740
Transport Network	24,104	22,158	13,014	10,846	11,090	11,312	24,059	22,076	425,435	377,578
Sewerage Services	2,735	2,712	1,910	1,674	825	1,038	25	16	27,164	27,356
Waste Management	4,168	2,857	2,039	2,453	2,129	404	111	72	13,027	8,022
Water Supply	4,232	4,416	2,288	2,545	1,944	1,871	1,743	1,858	42,801	31,520
Total functions and activities	47,936	46,968	30,340	29,475	17,596	17,493	32,216	31,954	578,326	496,220

B1-2 Components of functions or activities

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

Civic Office

Corporate affairs and relations; the governance framework; overall corporate performance and reporting; community advocacy; mayoral, councillor and committee support; and media and external communications.

Organisation and Leadership

Collaboration with other organisations and governments; continual improvement; overall strategic direction of the administrative arm; community engagement; administrative support; service integration and corporate advertising.

Community Development

Community engagement, development of partnerships, indigenous affairs, inclusiveness, accessible services, supporting diversity and cultural events.

Economic Growth and Tourism

Community prosperity, tourism, connectivity, partnering, promotion and livability. The Office of the Chief Executive directly oversees these outcomes.

Theatre and Museum Complex

Sir Henry Parkes School of Art; cultural diversity, events and art activities; youth engagement; volunteering; and festivals.

Finance and Technology

Information technology; financial sustainability and advise; investments; financial capacity; procurement compliance; regulatory and statutory compliance; business systems; property strategy, overall management and register, land mapping service (GIS).

Corporate and Governance

Statutory reporting, business processes and integration; procurement compliance; audit; community involvement; customer service; governance; information technology and information management; insurance, risk and business continuity; registers and records management, legal services and election support.

Workforce Development

Workplace health and wellbeing, planning and culture; workers compensation; workforce performance; training; recruitment, selection and retention; and internal communications.

Library Services

Home services; vision impaired; review and updating collections; exchanges; internet and Wi Fi access; accessible technology; exhibitions; online training and resources; research and reference services; and the management of corporate art and memorabilia.

Emergency Services

Integrating land use policies to support emergency management; disaster management; review of emergency management plans; inter-agency communication and collaboration; and rural addressing.

Asset Management and Resourcing

Review, investigation, survey, design, development and project management; asset investigation, planning, policy formulation and management (both as a bureau service to whole organisation and for transport infrastructure).

Commercial Works

Private works management, benchmarking, offsetting costs through creating synergies.

Environmental Management

Education; noxious plants; feral pests (advocacy); illegal dumping and pollution; and roads & footpath regulatory enforcement.

B1-2 Components of functions or activities (continued)

Planning and Regulation

Development planning, controls, assessment and certification; regulation of premises; built environment; urban design; land use data, mapping and reporting; building and assessment advice; heritage; domestic animals; public health and pollution.

Plant, Fleet and Equipment

Effective provision and management of plant, fleet, equipment, store and depots; and tendering and procurement.

Buildings and Amenities

Energy management and conservation, asset planning and maintenance scheduling; building and amenities utilisation, income generation and administration.

Livestock Saleyards

Planning, development, maintenance, operations and administration of the Saleyards.

Parks, Gardens and Open Space

Consultation, planning, development; increasing patronage; amenity; maintenance and operations; public art; cycleways; public trees; sportsgrounds (active and passive); cleanliness and administration.

Swimming Complex

Service provision; regulatory compliance; planning; supervision of patrons; and management.

Stormwater and Drainage

Ongoing management and improvement of all stormwater infrastructure, gross pollutant traps, natural urban waterways and erosion control apparatus.

Transport Network

Sustainable management and improvement of all infrastructure used to facilitate transportation: vehicular, aviation, pedestrian and cyclists; car parking; quarries; delineation, line marking, signage and lighting; regulatory compliance; emergency response and on-call; traffic committee administration; and risk mitigation.

Sewerage Services

Ongoing catchment, transportation, and treatment; monitoring, reporting, environmental compliance and emergency management; trade waste and commercial; fees and charges; public education and administration.

Waste Management

Ongoing and sustainably managing waste: reduction; recycling; landfill remediation and development; and public education.

Water Supply

Ongoing water catchment, storage, treatment, distribution, monitoring, regulating, reporting, compliance, charging and administration.

B2 Sources of income

B2-1 Rates and annual charges

	2022 \$ '000	2021 \$ '000
Ordinary rates		
Residential	2,122	2,107
Farmland	2,368	2,321
Mining	10	10
Business	322	280
Less: pensioner rebates (mandatory)	(130)	(136)
Rates levied to ratepayers	4,692	4,582
Pensioner rate subsidies received	73	75
Total ordinary rates	4,765	4,657
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	1,080	1,015
Stormwater management services	71	70
Water supply services	1,364	1,294
Sewerage services	2,545	2,394
Waste management services (non-domestic)	190	180
Waste management facility charge	1,342	1,254
Less: pensioner rebates (mandatory)	(217)	(218)
Annual charges levied	6,375	5,989
Pensioner subsidies received:		
– Water	30	30
– Sewerage	27	27
– Domestic waste management	63	62
Total annual charges	6,495	6,108
Total rates and annual charges	11,260	10,765
Timing of revenue recognition for rates and annual charges		
Rates and annual charges recognised at a point in time (2)	11,260	10,765
Total rates and annual charges	11,260	10,765

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

Accounting policy

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

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

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

B2-2 User charges and fees

	Timing	2022 \$ '000	2021 \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	1,116	1,299
Sewerage services	1	126	173
Waste management services (non-domestic)	1	272	304
Trade waste	1	18	27
Total specific user charges		1,532	1,803
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services	2	19	21
Planning and building regulation	2	363	334
Private works – section 67	2	118	283
Section 603 certificates	2	37	38
Other	2	–	1
Companion animals	2	3	4
Local government and health act fees	2	10	9
Total fees and charges – statutory/regulatory		550	690
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	1	1
Cemeteries	2	121	113
Saleyards	2	120	103
Tourism	2	7	32
Cinema	2	44	26
Library	2	4	5
Museum and theatre	2	31	53
Service installation	2	25	55
Other	2	31	38
Total fees and charges – other		384	426
Total other user charges and fees		934	1,116
Total user charges and fees		2,466	2,919
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		1,532	1,803
User charges and fees recognised at a point in time (2)		934	1,116
Total user charges and fees		2,466	2,919

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, 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 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

	Notes	Timing	2022 \$ '000	2021 \$ '000
Diesel rebate		2	60	70
Recycling income (non-domestic)		2	89	52
Insurance rebates		2	27	27
Sale of surplus material		2	1	1
Found assets		2	-	532
Training reimbursement		2	300	180
Effect of re-measurement of remediation provision	C3-5	2	172	-
Effect from de-recognition of remediation provision	E3-1,C3-5	2	947	4
Other		2	116	224
Total other revenue			1,712	1,090
Timing of revenue recognition for other revenue				
Other revenue recognised over time (1)			-	-
Other revenue recognised at a point in time (2)			1,712	1,090
Total other revenue			1,712	1,090

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

		Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,807	1,636	–	–
Financial assistance – local roads component	2	920	824	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,774	1,750	–	–
Financial assistance – local roads component	2	1,419	885	–	–
Amount recognised as income during current year		6,920	5,095	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	1	53	–	1,516	862
Bushfire and emergency services	2	145	136	–	20
Community centres	1	–	–	6	337
Economic development	2	135	89	–	–
Environmental programs	2	–	18	–	–
Heritage and cultural	1,2	104	1,227	184	1,590
Library	2	62	62	19	19
LIRS subsidy	2	15	19	–	–
Noxious weeds	1,2	165	498	–	–
Recreation and culture	2	40	29	193	2
Community development	2	343	9	–	–
Public conveniences	1	–	–	–	144
Street lighting	2	33	66	–	–
Town planning	1,2	80	50	1	139
Waste management	2	–	–	88	50
Disaster recovery	2	5,593	1,261	–	–
Transport (roads to recovery)	2	1,044	1,567	–	–
Transport (other roads and bridges funding)	1,2	204	16	13,238	15,844
Critical drought initiative	2	–	–	–	793
Other councils – joint works/services	1	126	133	–	–
Transport for NSW contributions (regional roads, block grant)	2	1,594	1,594	–	–
FBT contributions	2	51	52	–	–
Waste management services	2	4	5	–	–
Total special purpose grants and non-developer contributions – cash		9,791	6,831	15,245	19,800
Total special purpose grants and non-developer contributions (tied)		9,791	6,831	15,245	19,800
Total grants and non-developer contributions		16,711	11,926	15,245	19,800
Comprising:					
– Commonwealth funding		9,704	8,333	10,607	5,963
– State funding		6,813	3,593	4,638	13,837
– Other funding		194	–	–	–
		16,711	11,926	15,245	19,800

B2-4 Grants and contributions (continued)**Developer contributions**

	Notes	Timing	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
G4						
S 7.11 – contributions towards amenities/services	2		–	–	212	197
S 64 – water supply contributions	2		–	–	23	15
S 64 – sewerage service contributions	2		–	–	25	16
Total developer contributions – cash			–	–	260	228
Total developer contributions			–	–	260	228
Total contributions			–	–	260	228
Total grants and contributions			16,711	11,926	15,505	20,028
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			179	133	1,470	1,343
Grants and contributions recognised at a point in time (2)			16,532	11,793	14,035	18,685
Total grants and contributions			16,711	11,926	15,505	20,028

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Notes				
Grants				
Unspent grants at 1 July	1,207	2,626	3,577	946
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,528	1,189	445	154
Add: grants received for the provision of goods and services in a future period	–	–	11,490	3,412
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,189)	(2,196)	(154)	(426)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(412)	(3,412)	(509)
Unspent grants at 30 June	2,546	1,207	11,946	3,577
Contributions				
G4 Unspent contributions at 1 July	–	–	222	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	248	222
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Unspent contributions at 30 June	–	–	470	222

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 may 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.

B2-4 Grants and contributions (continued)

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

	2022 \$ '000	2021 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	70	33
– Cash and investments	52	33
Total interest and investment income (losses)	122	66
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	122	66
Total interest and investment income	122	66

Accounting policy

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

B2-6 Other income

	2022 \$ '000	2021 \$ '000
Rental income		
Other lease income		
Council owned property	160	174
Total other lease income	160	174
Total rental income	160	174
Total other income	160	174

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2022 \$ '000	2021 \$ '000
Salaries and wages	7,525	7,591
Employee leave entitlements (ELE)	1,345	1,513
Superannuation	880	880
Workers' compensation insurance	186	188
Fringe benefit tax (FBT)	39	46
Other	42	45
Total employee costs	10,017	10,263
Less: capitalised costs	(1,181)	(1,790)
Total employee costs expensed	8,836	8,473

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

	Notes	2022 \$ '000	2021 \$ '000
Raw materials and consumables		3,292	2,752
Contractor and consultancy costs		4,818	3,514
Audit Fees	F2-1	60	50
Councillor and Mayoral fees and associated expenses	F1-2	184	182
Advertising		36	127
Cleaning		42	57
Election expenses		84	–
Electricity and heating		279	251
Insurance		523	461
Postage		31	42
Printing and stationery		31	15
Street lighting		127	117
Subscriptions and publications		137	223
Telephone and communications		258	248
Travel expenses		10	4
Training costs (other than salaries and wages)		75	133
Other expenses		107	119
– Legal expenses: other		34	37
Other		4	14
Total materials and services		10,132	8,346
Total materials and services		10,132	8,346

Accounting policy

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

B3-3 Borrowing costs

	Notes	2022 \$ '000	2021 \$ '000
(i) Interest bearing liability costs			
Interest on leases		9	7
Interest on loans		522	463
Total interest bearing liability costs		531	470
Total interest bearing liability costs expensed		531	470
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	31	15
Total other borrowing costs		31	15
Total borrowing costs expensed		562	485

Accounting policy

Borrowing costs are expensed as incurred.

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

	Notes	2022 \$ '000	2021 \$ '000
Depreciation and amortisation			
Plant and equipment		779	646
Office equipment		55	45
Furniture and fittings		4	5
Land improvements (depreciable)		36	36
Infrastructure:	C1-6		
– Buildings		846	772
– Other structures		182	118
– Roads		3,306	3,204
– Bridges		926	941
– Footpaths		42	42
– Stormwater drainage		100	100
– Water supply network		718	711
– Sewerage network		493	488
– Swimming pools		25	21
– Other open space/recreational assets		146	108
Right of use assets	C2-1	120	85
Other assets:			
– Library books		33	24
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-6	161	333
– Quarry assets	C1-6	16	6
Intangible assets	C1-7	97	151
Total gross depreciation and amortisation costs		8,085	7,836
Less: capitalised costs		(140)	(228)
Total depreciation and amortisation costs		7,945	7,608
Total depreciation, amortisation and impairment for non-financial assets		7,945	7,608

Accounting policy**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C1-7 for intangible assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

	Notes	2022 \$ '000	2021 \$ '000
Receivables write-off			
Other		-	25
Total impairment of receivables	C1-3	-	25
Other			
Grants funded rates credit		-	493
Grants funded donations, contributions and assistance to other organisations (incl. Section 356)		377	603
Council funded donations, contributions and assistance to other organisations (incl. Section 356)		66	126
Emergency services levy (includes FRNSW, SES, and RFS levies)		374	504
Total other		817	1,726
Total other expenses		817	1,751

Accounting policy

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

Impairment expenses are recognised when identified.

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

	Notes	2022 \$ '000	2021 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Non-cash income from trade-in – plant and equipment		1,705	2,057
Less: carrying amount of plant and equipment assets sold/written off		(1,880)	(2,347)
Gain (or loss) on disposal		(175)	(290)
Gain (or loss) on disposal of infrastructure	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(1,884)	(2,564)
Gain (or loss) on disposal		(1,884)	(2,564)
Gain (or loss) on disposal of real estate assets held for sale	C1-4		
Proceeds from disposal – real estate assets		49	324
Less: carrying amount of real estate assets sold/written off		(38)	(282)
Gain (or loss) on disposal		11	42
Net gain (or loss) from disposal of assets		(2,048)	(2,812)

Accounting policy

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

Non-infrastructure assets

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.

Infrastructure assets

It is not common for infrastructure assets to be sold. De-recognition of carrying value of infrastructure assets usually occurs in cases of replacement or when they are no longer serviceable. Physical replacement of infrastructure assets result in loss from disposal of replaced assets through profit and loss account. Renewal works which represent reversal of consumed service potential add up to the carrying value of the asset.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 31/05/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Revenues					
Rates and annual charges	11,035	11,260	225	2%	F
User charges and fees	2,682	2,466	(216)	(8)%	U
Other revenues	1,762	1,712	(50)	(3)%	U
Operating grants and contributions	8,600	16,711	8,111	94%	F
Council was successful in obtaining additional grants for operating purposes in 2021/22 relating to Disaster Recovery – Flood Event March 2021 (\$2.12 M), Flood event in November 2021 (\$953K), Disaster Recovery relating to February 2022 (\$1.5M) which was attributed to the roads infrastructure. Finally, Council received 75% FAG Grant advance payment whereas at time of original budget 50% FAG grant was budgeted. An (\$1.0M) disaster recovery grant for Category D Roads due to February 2022 Floods.					
Capital grants and contributions	3,721	15,505	11,784	317%	F
Council was provided a Special Grant for Mt Lindsey Road Project (\$8.9M), Council received Bridge grant (\$1.086 M), Council received (\$1.264M) for Water Treatment Plant Replacement and other road grant (\$593K) which were not budgeted at time of Original Budget.					
Interest and investment revenue	120	122	2	2%	F
Other income	–	160	160	∞	F

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	9,388	8,836	552	6% F
Materials and services	3,633	10,132	(6,499)	(179)% U
Mainly due to increase in expenditure resulting in maintenance costs associated with severe flood damage. Council saw an increase in IT systems operating costs due to increase in consultancy cost associated with repairs and maintenance of an ageing infrastructure.				
Borrowing costs	618	562	56	9% F
Depreciation, amortisation and impairment of non-financial assets	7,891	7,945	(54)	(1)% U
Other expenses	2,398	817	1,581	66% F
The difference is due to the mapping between general ledger budget items compared to financial statements. Significant expenditure categories such as insurance, utilities, electricity and telecommunications are mapped as other expenses in budget document but are consolidated into materials and services for the purpose of financial statements.				
Net losses from disposal of assets	270	2,048	(1,778)	(659)% U
Council has recorded a loss of disposal of infrastructure assets of \$1.88 Million. At the time of budget it is hard for Council to budget for this line item. Due to significant amount of renewal works being carried out especially in roads and bridges majority of the write off are related to these sub asset classes.				
Statement of cash flows				
Cash flows from operating activities	11,883	40,411	28,528	240% F
Due to additional grant income received which included income from previous financial year owed to council from funding entities.				
Cash flows from investing activities	(15,368)	(21,760)	(6,392)	42% U
Due to additional Capital outlay from grant funding predominately in Plant and Equipment, Roads and Bridges.				
Cash flows from financing activities	5,042	5,073	31	1% F

C Financial position**C1 Assets we manage****C1-1 Cash and cash equivalents**

	2022 \$ '000	2021 \$ '000
Cash assets		
Cash on hand and at bank	30,725	8,631
Cash equivalent assets		
– Deposits at call	6,000	4,370
Trust account	382	382
Total cash and cash equivalents	37,107	13,383

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	37,107	13,383
Balance as per the Statement of Cash Flows	37,107	13,383

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 Restricted and allocated cash, cash equivalents and investments

	2022 \$ '000	2021 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	37,107	13,383
Less: Externally restricted cash, cash equivalents and investments	(31,626)	(14,583)
Cash, cash equivalents and investments not subject to external restrictions	5,481	(1,200)
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	11,132	3,413
Specific purpose unexpended grants – water fund	588	–
External restrictions – included in liabilities	11,720	3,413
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants (recognised as revenue) – general fund (including waste and stormwater)	2,654	1,345
Specific purpose unexpended grants (recognised as revenue) – water fund	28	–
Bruxner Way widening (RMS)	–	26
Developer contributions – general (including waste and stormwater)	388	222
Developer contributions – water fund	38	–
Developer contributions – sewer fund	41	–
RFS reserves	92	–
Water fund	2,180	590
Sewer fund	5,704	4,846
Domestic waste management	7,373	3,109
Stormwater management	1,026	1,032
Trust fund	382	–
External restrictions – other	19,906	11,170
Total external restrictions	31,626	14,583

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.

C1-2 Restricted and allocated cash, cash equivalents and investments (continued)

	2022 \$ '000	2021 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	5,481	(1,200)
Less: Internally restricted cash, cash equivalents and investments	(5,000)	-
Unrestricted and unallocated cash, cash equivalents and investments	481	(1,200)
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Special projects	5,000	-
Total internal allocations	5,000	-

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

	2022 \$ '000	2021 \$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	481	(1,200)

Unrestricted cash note**Unrestricted cash in 2020-21**

Council reported a negative unrestricted cash position of \$1.2 million at 30 June 2021, which represented a breach of section 409(3) of the LG Act. This was due to timing differences in the receipt of payments of funds for infrastructure projects in the final quarter of 2020-21. As a result, Council had utilised restricted funds to keep these projects progressing.

Council was unable to verify that funds raised by special rates or charges were not used to pay for general fund expenses during the year ended 30 June 2021. Council acknowledges it may have used restricted special rates and charges funds for purposes other than their intended use without Ministerial approval. Such unapproved use would not comply with section 410(3) of the LG Act.

As at 30 June 2021 Council had Disaster Recovery Funding Arrangement (DRFA) claims in excess of \$3.0 million as contract assets (refer Note C1-5) for works delivered during the financial years 2019-20 and 2020-21. Post 30 June 2021 these restricted funds have been refunded as project funding has been received. Hence, the financial statements for the year ended 30 June 2021 were prepared on a going concern basis.

Unrestricted cash in 2021-22

From 1 July 2021 to March 2022 the Council continued to have a negative unrestricted cash position. This results in a breach of section 409(3) of the LG Act and a potential breach of section 410(3) of the LG Act as described above. This position turned around in March 2022 following Council's receipt of the outstanding funds for work done under disaster recovery grants. The Council's restricted cash position has continued to improve in 2021-22. As at 30 June 2022 the amount of unrestricted cash (before internal allocations) was a positive \$5.5 million.

Council has put in place internal controls to monitor unrestricted cash balances on a quarterly basis. In addition, the Council has established a loan facility with NAB for operational need purposes which is available for use as at 30 June 2022.

C1-3 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Rates and annual charges	396	–	452	–
Interest and extra charges	79	–	62	–
User charges and fees	486	–	775	–
Private works	81	–	86	–
Accrued revenues				
– Interest on investments	3	–	1	–
Government agency receivables	1,287	–	3,036	–
Net GST receivable	708	–	628	–
Other debtors	36	–	41	–
Total	3,076	–	5,081	–
Less: provision for impairment				
Other debtors	(55)	–	(55)	–
Total provision for impairment – receivables	(55)	–	(55)	–
Total net receivables	3,021	–	5,026	–

Externally restricted receivables**Water supply**

– Rates and availability charges	69	–	67	–
– Other	625	–	1,079	–

Sewerage services

– Rates and availability charges	118	–	122	–
– Other	60	–	99	–

Domestic waste management	209	–	213	–
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Stormwater management	4	–	4	–
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Total external restrictions	1,085	–	1,584	–
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Unrestricted receivables	1,936	–	3,442	–
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Total net receivables	3,021	–	5,026	–
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	2022 \$ '000	2021 \$ '000
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Movement in provision for impairment of receivables

Balance at the beginning of the year (calculated in accordance with AASB 139)	55	55
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Balance at the end of the year	55	55
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C1-3 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 determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 60 days past due has seen a significant increase in credit risk.

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

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Rates and annual charges outstanding are secured against the property.

C1-4 Inventories

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	32	-	70	-
Stores and materials	294	-	285	-
Total inventories at cost	326	-	355	-
Total inventories	326	-	355	-

(i) Other disclosures

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
(a) Details for real estate development				
Residential	32	-	70	-
Total real estate for resale	32	-	70	-
<i>(Valued at the lower of cost and net realisable value)</i>				
Represented by:				
Acquisition costs	32	-	70	-
Total costs	32	-	70	-
Total real estate for resale	32	-	70	-
Movements:				
Real estate assets at beginning of the year	70	-	352	-
- WDV of sales (expense)	(38)	-	(282)	-
Total real estate for resale	32	-	70	-

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.

C1-5 Contract assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Contract assets	5,547	-	7,417	-
Total contract assets	5,547	-	7,417	-

Contract assets

Grant Contract Asset (AASB 1058 - asset exemption)	4,264	-	4,482	-
Accrued Income (AASB 1058)	1,157	-	2,802	-
Contract Asset (AASB 15)	126	-	133	-
Total contract assets	5,547	-	7,417	-

Significant changes in contract assets

Contract Assets relating to work for external parties (AASB 15)

No significant changes - consistent with prior year.

Grant Contract Assets - work related to infrastructure grants (AASB 1058 - Asset Exemption)

No significant changes - consistent with prior year.

Accrued Income - not specific or not enforceable grants (AASB 1058)

Drop was largely attributed to funds receipted to cover expenditure incurred on DRFA disaster recovery projects in 2021 financial year.

Accounting policy

Contract assets

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

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

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	Actual movements during the reporting period										At 30 June 2022				
	At 1 July 2021	Accumulated depreciation and impairment	Net carrying amount	Addressed new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Receivable, c/s/cr	Transfers to non-current provision	Revaluation decrement to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	16,056	-	16,056	11,873	-	-	(7,952)	-	-	-	-	22,978	-	22,978	
Plant and equipment	16,383	(6,953)	9,430	34	(1,880)	(779)	2	-	-	-	-	16,709	(7,732)	8,977	
Office equipment	724	(389)	335	46	-	(55)	-	-	-	-	-	770	(444)	326	
Furniture and fittings	155	(138)	17	-	-	(4)	-	-	-	-	-	155	(142)	13	
Land:															
- Crown land - managed by council	1,278	-	1,278	-	-	-	-	223	-	-	146	1,647	-	1,647	
- Crown land - devolved to council	2,750	-	2,750	-	-	-	-	(223)	-	-	245	2,772	-	2,772	
- Operational land	3,995	-	3,995	-	-	-	-	-	-	-	654	4,649	-	4,649	
- Community land	1,525	-	1,525	-	-	-	-	-	-	-	148	1,673	-	1,673	
- Land under roads (post 30/6/08)	10	-	10	-	-	-	-	-	-	-	3	13	-	13	
- Land improvements - depreciable	1,758	(816)	1,142	-	-	(36)	-	-	-	-	100	1,917	(711)	1,206	
Infrastructure:															
- Buildings	32,950	(17,671)	15,279	168	(50)	(846)	397	-	-	-	2,364	39,295	(21,442)	17,853	
- Other structures	4,960	(1,794)	3,166	-	-	(182)	-	-	-	-	269	5,416	(2,165)	3,261	
- Roads	268,882	(52,429)	216,453	2,156	(1,134)	(3,306)	-	-	-	-	22,238	298,409	(60,982)	237,427	
- Bridges	89,403	(41,344)	48,059	1,931	(688)	(926)	4,001	-	-	-	4,917	99,606	(42,312)	57,294	
- Footpaths	3,374	(915)	2,459	-	-	(42)	-	-	-	-	252	3,726	(1,057)	2,669	
- Bulk earthworks (non-depreciable)	93,763	-	93,763	159	-	-	-	-	-	-	8,782	103,704	-	103,704	
- Stormwater drainage	8,395	(4,659)	3,736	63	(1)	(100)	-	-	-	-	242	8,993	(5,039)	3,954	
- Water supply network	58,672	(34,813)	23,859	-	-	(718)	3,592	-	-	-	8,994	66,057	(30,328)	35,729	
- Sewerage network	34,217	(12,537)	21,680	86	-	(493)	-	-	-	(1,156)	-	31,622	(11,524)	20,098	
- Swimming pools	1,408	(1,047)	361	-	-	(25)	-	-	-	-	30	1,535	(1,169)	366	
- Other open space/recreational assets	2,956	(708)	2,248	11	(10)	(146)	-	-	-	-	190	3,397	(931)	2,466	
Other assets:															
- Library books	167	(60)	107	-	-	(33)	-	-	-	-	-	167	(94)	73	
Reinstatement, rehabilitation and restoration assets (refer Note C3-6):															
- Tip assets	3,124	(1,910)	1,214	-	-	(161)	-	1,114	-	-	-	3,440	(1,273)	2,167	
- Quarry assets	105	(23)	82	-	-	(16)	-	47	-	-	-	152	(40)	112	
Total infrastructure, property, plant and equipment	647,010	(178,006)	469,004	9,704	(3,763)	(7,864)	-	1,161	(5)	(1,156)	50,574	718,802	(187,375)	531,427	

(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	Asset movements during the reporting period														
	At 1 July 2020	Accumulated depreciation and impairment	Net carrying amount	Addition (renewal)	Additional new assets	Carrying value of disposals	Depreciation expense	WIP liabilities	Other movements (Found Assets at PV through P/L)	Other movements (Found Assets at PV through Equity)	Revaluation increments/impairments to equity (RAR)	Revaluation increments/impairments to equity (RAR)	Cross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	7,177	-	7,177	2,809	7,850	-	-	(1,781)	-	-	-	-	16,056	-	16,056
Plant and equipment	14,747	(6,649)	8,098	2,865	1,396	(2,347)	(646)	60	5	-	-	16,383	(6,953)	9,430	
Office equipment	671	(344)	327	-	53	-	(45)	-	-	-	-	724	(389)	335	
Furniture and fittings	155	(133)	22	-	-	-	(5)	-	-	-	-	155	(138)	17	
Land:															
- Operational land	3,441	-	3,441	-	21	-	-	-	-	532	-	3,985	-	3,985	
- Community land	1,414	-	1,414	-	-	-	-	-	-	-	111	1,525	-	1,525	
- Crown land - managed by council	1,202	-	1,202	-	-	-	-	-	-	-	76	1,278	-	1,278	
- Crown land - devolved to council	2,504	-	2,504	-	-	-	-	-	-	-	247	2,750	-	2,750	
- Land under roads (post 30/6/08)	10	-	10	-	-	-	-	-	-	-	-	10	-	10	
Land improvements - depreciable	1,746	(391)	1,355	-	-	-	(36)	-	(9)	-	(331)	1,758	(816)	1,142	
Infrastructure:															
- Buildings	30,643	(17,230)	13,413	486	1,922	(218)	(772)	271	176	-	-	32,950	(17,671)	15,279	
- Other structures	3,642	(1,324)	2,318	-	272	-	(118)	197	(167)	-	664	4,960	(1,794)	3,166	
- Roads	263,213	(50,777)	212,436	3,996	4,581	(1,356)	(3,204)	1	-	-	-	268,882	(52,429)	216,453	
- Bridges	89,157	(42,394)	46,763	1,753	244	(927)	(941)	1,167	-	-	-	89,403	(41,344)	48,059	
- Footpaths	3,350	(873)	2,477	-	22	-	(42)	-	-	-	-	3,374	(915)	2,459	
- Bulk earthworks (non-depreciable)	91,880	-	91,880	-	1,883	-	-	1	-	-	-	93,763	-	93,763	
- Stormwater drainage	8,354	(4,558)	3,796	-	40	-	(100)	-	-	-	-	8,395	(4,659)	3,736	
- Water supply network	58,100	(34,507)	23,593	747	36	(18)	(711)	1	-	-	210	56,672	(34,813)	23,859	
- Sewerage network	33,905	(11,934)	21,971	-	-	-	(488)	-	-	-	198	34,217	(12,537)	21,680	
- Swimming pools	1,205	(298)	907	-	-	-	(21)	-	-	(524)	-	1,408	(1,047)	361	
- Other open space/recreational assets	2,350	(668)	1,682	92	229	(45)	(108)	83	(5)	-	320	2,956	(708)	2,248	
Other assets:															
- Library books	947	(816)	131	-	-	-	(24)	-	-	-	-	167	(60)	107	
Restatement, rehabilitation and restoration assets (refer Note C3-5):															
- Tip assets	2,865	(1,867)	1,198	-	-	-	(333)	-	349	-	-	3,124	(1,910)	1,214	
- Quarry assets	88	(39)	49	-	-	-	(6)	-	39	-	-	105	(23)	82	
Total infrastructure, property, plant and equipment	622,766	(174,602)	448,164	12,748	18,549	(4,911)	(7,600)	-	388	532	(855)	647,010	(178,006)	469,004	

(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

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

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

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

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

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

Land is not depreciated unless it was acquired to be controlled by the council for a specified period of time. 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	Water and sewer assets	Years
Office equipment	10	Water - Mains	80 to 90
Office furniture	10 to 20	Water - Pumping Stations	30 to 80
Computer equipment	4	Water Dam	100
Plants - Light vehicles	1	Water - Reservoirs	40 to 80
Plants - Heavy plant/road making equipment	10	Water - Treatment Works	30 to 80
Other plant and equipment	10	Sewerage - Ancilliary	30 to 50
		Sewerage - Pumping Stations	30
		Sewerage - Treatment Works	30 to 70
		Sewerage - Mains	70 to 210
Transportation assets		Stormwater assets	
Sealed roads: surface	30	Drains	80
Sealed roads: pavement base	50		
Sealed roads: pavement sub-base	Infinite	Buildings	
Unsealed roads surface:		Buildings	15 to 75
- depreciable component	25		
- non-depreciable component	Infinite	Other infrastructure assets	
Bulk earthworks	Infinite	Swimming pools	50
Bridge: concrete	100	Other open space/ recreational assets	10 to 100
Bridge: timber	80		
Kerb, gutter and footpaths	80		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. As at 30 June 2022 only vehicle assets had residual values.

Depreciation starts in the year following the year of acquisition of an asset.

Land under roads

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

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

Crown reserves

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

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

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

Rural Fire Service assets

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

Council did not recognise Rural Fire Services Assets, including buildings, plant and equipment, due to lack of evidence of control over the economic benefits which are expected to flow from these assets.

C1-7 Intangible assets

Intangible assets are as follows:

	2022 \$ '000	2021 \$ '000
Software		
Opening values at 1 July		
Gross book value	1,175	964
Accumulated amortisation	(386)	(235)
Net book value – opening balance	789	729
Movements for the year		
Purchases	80	211
Amortisation charges	(97)	(151)
Closing values at 30 June		
Gross book value	1,255	1,175
Accumulated amortisation	(483)	(386)
Total software – net book value	772	789
Total intangible assets – net book value	772	789

Accounting policy

Information technology (IT) and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

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

C2 Leasing activities

C2-1 Council as a lessee

Information relating to the leases in place and associated balances and transactions is provided below.

Buildings

Council leases land for operational purposes. The land leases contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

	Office and IT equipment \$ '000	Land \$ '000	Total \$ '000
2022			
Opening balance at 1 July	114	132	246
Depreciation charge	(105)	(15)	(120)
Balance at 30 June	9	117	126
2021			
Opening balance at 1 July	178	–	178
Additions to right-of-use assets	–	132	132
Adjustments to right-of-use assets due to re-measurement of lease liability	21	–	21
Depreciation charge	(85)	–	(85)
Balance at 30 June	114	132	246

(b) Lease liabilities

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Lease liabilities	36	113	63	153
Total lease liabilities	36	113	63	153

C2-1 Council as a lessee (continued)**(c) (i) The maturity analysis**

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2022					
Cash flows	40	53	96	189	149
2021					
Cash flows	77	75	106	258	216

(d) Income Statement

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

	2022 \$ '000	2021 \$ '000
Interest on lease liabilities	9	7
Variable lease payments based on usage not included in the measurement of lease liabilities	–	14
Depreciation of right of use assets	120	85
	129	106

(e) Statement of Cash Flows

Total cash outflow for leases	78	75
	78	75

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

Council has a lease at significantly below market for land and building which is used for School of Arts.

The lease is for 80 years and requires payments of a maximum amount of \$1 per year. The use of the right-to-use asset is restricted by the lessor to specified community services which Council must provide, these services are detailed in the lease. Council does not believe that this lease is 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. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

C2-1 Council as a lessee (continued)

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 (below \$10,000). 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 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 to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

	2022 \$ '000	2021 \$ '000
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(i) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	160	174
Total income relating to operating leases for Council assets	160	174

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

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

< 1 year	160	174
1–2 years	160	174
2–3 years	160	174
3–4 years	160	174
4–5 years	160	174
> 5 years	160	174
Total undiscounted lease payments to be received	960	1,044

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Goods and services	3,044	–	1,363	–
Goods and services – accruals	211	–	267	–
Accrued expenses:				
– Borrowings	140	–	80	–
– Salaries and wages	190	–	147	–
Advances	7	–	7	–
Security bonds, deposits and retentions	184	–	131	–
Other	300	–	56	–
Trust account	382	–	382	–
Total payables	4,458	–	2,433	–

Payables relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Externally restricted assets				
Water	290	–	323	–
Sewer	61	–	27	–
Other	–	–	72	–
Payables relating to externally restricted assets	351	–	422	–
Total payables relating to restricted assets	351	–	422	–
Total payables relating to unrestricted assets	4,107	–	2,011	–
Total payables	4,458	–	2,433	–

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

	Notes	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	11,721	–	3,412	–
Total grants received in advance		11,721	–	3,412	–
Total contract liabilities		11,721	–	3,412	–

Notes

(i) Council has received funding to construct assets to be controlled by the council under Stronger Country Communities Funding and Drought Stimulus Package grant agreements. The funds received are under enforceable contracts 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

	2022 \$ '000	2021 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	3,412	921
Total revenue recognised that was included in the contract liability balance at the beginning of the period	3,412	921

Significant changes in contract liabilities

Unexpended capital grants (to construct Council controlled assets)

Increase by \$8 million year over year is due to receipt of funds in advance for infrastructure projects. Major components of the contract liability as at 30 June 2022 is represented by the unspent grant funds for the following projects:

- Tooloom Road West Rehabilitation - \$2M;
- Local Roads & Community Infrastructure Program - Round 3 - \$1M;
- Tenterfield Youth Precinct & Mountain Bike Trailhead - \$1M;
- Kildare Road (Tenterfield Tourist Route 9) as part of Fixing Local Roads program - \$1.7M;
- BLERF - Improve Mt Lindesay Road - \$1M; and
- BSBR000641 - Drake Village Revitalisation - \$0.9M.

Accounting policy

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

C3-3 Borrowings

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Loans – secured ¹	870	17,979	804	12,905
Total borrowings	870	17,979	804	12,905

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

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

Borrowings relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Externally restricted assets				
Water	171	5,799	237	5,931
Sewer	101	1,569	93	1,670
Borrowings relating to externally restricted assets	272	7,368	330	7,601
Total borrowings relating to restricted assets	272	7,368	330	7,601
Total borrowings relating to unrestricted assets	598	10,611	474	5,304
Total borrowings	870	17,979	804	12,905

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	13,709	5,140	–	–	–	–	18,849
Lease liability (Note C2-1b)	216	(87)	–	–	–	–	149
Total liabilities from financing activities	13,925	5,073	–	–	–	–	18,998

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	10,310	3,399	–	–	–	–	13,709
Lease liability (Note C2-1b)	131	(47)	132	–	–	–	216
Total liabilities from financing activities	10,441	3,352	132	–	–	–	13,925

(b) Financing arrangements

	2022 \$ '000	2021 \$ '000
Total facilities		
Credit cards/purchase cards	50	50
Total financing arrangements	50	50
Undrawn facilities		
– Credit cards/purchase cards	32	41
Total undrawn financing arrangements	32	41

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Annual leave	683	-	759	-
Long service leave	856	-	1,153	-
Total employee benefit provisions	1,539	-	1,912	-

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

	2022 \$ '000	2021 \$ '000
Provisions – employees benefits	1,108	1,215
	1,108	1,215

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

Provisions – employees benefits

1,108	1,215
1,108	1,215

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

	2022 Current \$ '000	2022 Non-Current \$ '000	2021 Current \$ '000	2021 Non-Current \$ '000
Other provisions				
Workers compensation	32	–	42	–
Sub-total – other provisions	32	–	42	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	1,380	2,168	821	2,659
Sub-total – asset remediation/restoration	1,380	2,168	821	2,659
Total provisions	1,412	2,168	863	2,659

Description of and movements in provisions

	Other provisions		
	Workers compensation \$ '000	Asset remediation \$ '000	Total \$ '000
2022			
At beginning of year	42	3,480	3,522
Unwinding of discount	–	31	31
Remeasurement effect through profit and loss (Note B2-3)	–	(172)	(172)
Effect of de-recognition of provision through profit and loss (Note B2-3 and Note E3-1)	–	(947)	(947)
Remeasurement effect through asset (Note C1-6)	–	1,161	1,161
Amounts used (payments) (Note C1-6)	–	(5)	(5)
Other	(10)	–	(10)
Total other provisions at end of year	32	3,548	3,580
2021			
At beginning of year	29	3,160	3,189
Unwinding of discount	–	15	15
Effect of de-recognition of provision through profit and loss (Note B2-3 and Note E3-1)	–	–	–
Remeasurement effect through asset (Note C1-6)	–	(22)	(22)
Amounts used (payments) (Note C1-6)	–	(79)	(79)
Other	13	406	419
Total other provisions at end of year	42	3,480	3,522

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

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

C3-5 Provisions (continued)

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

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
Income from continuing operations			
Rates and annual charges	7,454	1,310	2,496
User charges and fees	1,160	1,139	167
Interest and investment income	111	2	9
Other revenues	1,694	8	10
Grants and contributions provided for operating purposes	16,450	234	27
Grants and contributions provided for capital purposes	13,941	1,539	25
Other income	160	-	-
Total income from continuing operations	40,970	4,232	2,734
Expenses from continuing operations			
Employee benefits and on-costs	7,985	514	337
Materials and services	8,349	874	909
Borrowing costs	266	161	135
Depreciation, amortisation and impairment of non-financial assets	6,677	740	528
Other expenses	817	-	-
Net losses from the disposal of assets	2,048	-	-
Total expenses from continuing operations	26,142	2,289	1,909
Operating result from continuing operations	14,828	1,943	825
Net operating result for the year	14,828	1,943	825
Net operating result attributable to each council fund	14,828	1,943	825
Net operating result for the year before grants and contributions provided for capital purposes	887	404	800

D1-2 Statement of Financial Position by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	28,528	2,834	5,745
Receivables	2,149	694	178
Inventories	326	-	-
Contract assets and contract cost assets	5,103	444	-
Total current assets	36,106	3,972	5,923
Non-current assets			
Infrastructure, property, plant and equipment	470,311	39,572	21,544
Intangible assets	772	-	-
Right of use assets	126	-	-
Total non-current assets	471,209	39,572	21,544
Total assets	507,315	43,544	27,467
LIABILITIES			
Current liabilities			
Payables	4,112	285	61
Income received in advance	(5)	5	-
Contract liabilities	11,133	588	-
Lease liabilities	36	-	-
Borrowings	598	171	101
Employee benefit provision	1,539	-	-
Provisions	1,412	-	-
Total current liabilities	18,825	1,049	162
Non-current liabilities			
Lease liabilities	113	-	-
Borrowings	10,611	5,799	1,569
Provisions	2,168	-	-
Total non-current liabilities	12,892	5,799	1,569
Total liabilities	31,717	6,848	1,731
Net assets	475,598	36,696	25,736
EQUITY			
Accumulated surplus	159,086	15,959	13,928
Revaluation reserves	316,512	20,737	11,808
Council equity interest	475,598	36,696	25,736
Total equity	475,598	36,696	25,736

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

New England Joint Organisation (NEJO)

The NEJO was established on 11 May 2018 and is a separately constituted entity pursuant to Part 7 (Sections 400O to 400ZH) of the *Local Government Act (NSW)* 1993, as amended, and the Local Government (General) Regulation 2008.

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

NEJO comprises of seven voting member councils: Armidale Regional Council, Glen Innes Severn Council, Inverell Shire Council, Moree Plains Shire Council, Narrabri Shire Council, Tenterfield Shire Council and Uralla Shire Council.

The Board of NEJO consists of:

- The Mayors of each Member Council, who are entitled to one (1) vote at Meetings;
- A non-voting representative of the NSW Government, who is the Regional Director of the Department of Premier and Cabinet.

The Chairperson is to be elected by the voting representatives of the Board from one (1) of the Mayoral representatives. Chairperson does not have a casting vote.

A decision of the Board is supported by a majority at which a quorum is present is a decision of NEJO.

Tenterfield Shire Council, as a member of the NEJO, has a one seventh voting right in respect to the decisions of the Board. Considering the fact that decision making is based on majority votes, council does not have control, joint control or significant influence over relevant activities of the organisation.

In accordance with the Charter each member of the NEJO contributes annual fees towards the operation of the joint organisation. In 2020/2022 the contribution made by Tenterfield Shire Council was \$13,444.55 (2021: \$13,180). For the period ended 30 June 2022 NEJO's net operating result was \$68 thousand (2021: \$81 thousand).

North West Weight of Loads Committee (NWWLC)

Council joined the North West Weight of Loads Committee (NWWLC) in March 2021. The NWWLC is a joint venture between the Council of the Shire of Moree Plains, the Council of the Shire of Narrabri, the Western Plains Regional Council, the Council of the Shire of Glen Innes Severn, the Council of the Shire of Gunnedah, the Council of the Shire of Tenterfield, the Council of the Shire of Inverell and the Council of the Shire of Warrumbungle.

Council's interest in the group capital is 12.5% which no control or significant influence over the group's activity. The principal activity of the NWWLC is the checking and enforcement of load weights carried by heavy vehicles on roads within the above named Council boundaries.

Tenterfield Shire Council's member contribution to the NWWLC in 2022 financial year was \$1,087.27 (2021: \$2,026.55).

For the period ended 30 June 2022 NWWLC's net operating income attributable to Tenterfield Shire Council was \$8,967.53 (2021: zero).

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up and performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

The fair value of receivables, loans, investments and financial liabilities approximates the carrying amount.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

(a) Market risk – interest rate and price risk

	2022 \$ '000	2021 \$ '000
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The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates
– Equity / Income Statement

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5

(b) Credit risk

Council's receivables for the purposes of credit risk exposure comprise two categories:

1) Category 1: rates and annual charges (including interests on outstanding rates); statutory entitlements (GST receivable); government grants and subsidies; accrued grants income; and interest on investments.

2) Category 2: user charges and fees; private works; other debtors.

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.

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

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

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

Credit risk profile

Receivables – Category 1

Rates and annual charges (including interest on overdue rates debtors)

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.

Government grants, subsidies, GST receivable

Credit risk on this type of debtors is negligible due to allocation of the funds to the council for the whole period of fund agreements, absence of evidence of default of the Australian Government in the past, currently and in the future and timely payments made by the government.

Interest on investments

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.

Contract Assets

This class of assets comprises of accrued income under various government grants. Credit risk on this type of accruals is negligible due to allocation of the funds to the council for the whole period of fund agreements, absence of evidence of default of the Australian Government in the past, currently and in the future and timely payments made by the government.

	Not yet overdue \$ '000	overdue rates and annual charges		Total \$ '000
		< 5 years \$ '000	≥ 5 years \$ '000	
2022				
Gross carrying amount - Receivables (AASB 9)	396	-	-	396
Contract Assets (AASB 15 and AASB 1058)	5,547	-	-	5,547
2021				
Gross carrying amount - Receivables (AASB 9)	628	514	-	1,142
Contract Assets (AASB 15 and AASB 1058)	7,417	-	-	7,417

Receivables - Category 2

Fees and charges, Private works and other debtors

Council applies the simplified approach for Category 2 debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, Category 2 debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2021 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2022						
Gross carrying amount	2,003	46	5	589	-	2,643
Expected loss rate (%)	0.29%	10.00%	15.00%	7.30%	0.00%	2.05%
ECL provision	6	5	1	43	-	55
2021						
Gross carrying amount	2,083	1,110	293	453	-	3,939
Expected loss rate (%)	0.15%	0.12%	0.48%	11.00%	0.00%	1.41%
ECL provision	3	1	1	50	-	55

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

(c) Liquidity risk

Payables, lease liability and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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 (for lease liability maturity analysis refer to Note C2-1) and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2022							
Payables	0.00%	184	4,274	–	–	4,458	4,458
Loans	4.61%	–	1,575	7,603	16,244	25,422	18,849
Total financial liabilities		184	5,849	7,603	16,244	29,880	23,307
2021							
Payables	0.00%	131	2,035	–	–	2,166	2,433
Loans	4.44%	–	1,407	7,652	9,603	18,662	13,709
Total financial liabilities		131	3,442	7,652	9,603	20,828	16,142

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Infrastructure, property, plant and equipment	C1-6								
Plant and equipment		30/06/18	30/06/18	–	–	8,977	9,430	8,977	9,430
Office equipment		30/06/16	30/06/16	–	–	326	335	326	335
Furniture and fittings		30/06/16	30/06/16	–	–	13	17	13	17
Crown land		30/06/21	30/06/21	–	–	4,419	4,028	4,419	4,028
Land – operational		30/06/18	30/06/18	–	–	4,649	3,995	4,649	3,995
Land – community		30/06/21	30/06/21	–	–	1,673	1,525	1,673	1,525
Land under roads		30/06/14	30/06/14	–	–	13	10	13	10
Land improvements – depreciated		30/06/21	30/06/21	–	–	1,206	1,142	1,206	1,142
Buildings		30/06/18	30/06/18	–	–	17,853	15,279	17,853	15,279
Other structures		30/06/21	30/06/21	–	–	3,261	3,166	3,261	3,166
Roads		30/06/19	30/06/19	–	–	237,427	216,453	237,427	216,453
Bulk earthworks		30/06/19	30/06/19	–	–	57,294	48,059	57,294	48,059
Footpaths		30/06/19	30/06/19	–	–	2,669	2,459	2,669	2,459
Bridges		30/06/19	30/06/19	–	–	103,704	93,763	103,704	93,763
Stormwater assets		30/06/19	30/06/19	–	–	3,954	3,736	3,954	3,736
Water supply assets		30/06/22	30/06/17	–	–	35,729	23,859	35,729	23,859
Sewerage network		30/06/22	30/06/17	–	–	20,098	21,680	20,098	21,680
Swimming pools		30/06/21	30/06/21	–	–	366	361	366	361
Open space and recreation		30/06/21	30/06/21	–	–	2,466	2,248	2,466	2,248
Library books		30/06/21	30/06/21	–	–	73	107	73	107
Tip assets		30/06/22	30/06/18	–	–	2,167	1,214	2,167	1,214
Quarry assets		30/06/22	30/06/18	–	–	112	82	112	82
Total infrastructure, property, plant and equipment				–	–	508,449	452,948	508,449	452,948

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Crown Land

All valuations of Crown Land are based upon the land valuations issued by the Valuer - General. Crown Land was valued as at 30 June 2021 using the 1 July 2019 VG valuation data. There has been no change to the valuation process during the reporting period.

Community Land

All valuations of Community Land are based upon the land valuations issued by the Valuer - General. Community Land was valued as at 30 June 2021. There has been no change to the valuation process during the reporting period.

Operational Land

The valuation of Operational Land has been based upon relevant sales in the area. In certain locations there was a lack of appropriate comparable sales evidence and in these instances the closest comparable sales and factors relating the land parcels geographic, land use and zoning were also taken into consideration. The last valuation was undertaken at 30 June 2018 by Scott Fullarton Valuations Pty Ltd. There has been no change to the valuation process during the reporting period.

Other Structures, Swimming Pools and Open Space & Recreation Assets

The valuation process involved current replacement cost approach. Unobservable inputs such as replacement cost, asset condition and useful life required extensive professional judgement. The unobservable inputs place this class of asset at Level 3. The last valuation was undertaken on 30 June 2021 by APV Valuers and Asset Management Pty Ltd. There has been no change to the valuation process during the reporting period.

Plant & Equipment, Office Equipment, Furniture & Fittings and Library Books

Plant & Equipment, Furniture & Fittings, Library Books and Office Equipment are valued at cost but disclosed at fair value in the Notes of the financial statements. It is assumed that the carrying amount of these asset classes is approximate fair value. Assets include graders, motor vehicles, mowers, chainsaws, computers, tables, chairs, lighting, library books and resources. The key unobservable input is the condition of the assets. There has been no change to the valuation process during the reporting period.

Buildings

Buildings assets are valued externally. Council engaged Scott Fullarton Valuations Pty Ltd to perform a comprehensive valuation of buildings assets as at 30 June 2018.

Most of the Council's buildings are specialised by nature and were valued utilising the cost approach. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account a range of factors. Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other inputs (such as estimates useful life, asset condition and componentisation) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising Level 3 inputs.

There were no changes in valuation technique from prior year.

Water supply and Sewerage network assets

Due to specialised nature of the assets all water and sewer network assets were valued using cost approach with the Level 3 input dominating the valuation. As a result, this class of assets is always valued externally with sufficient regularity to ensure carrying amount of the assets is not materially different to fair value. Council engaged independent professional valuer, Australis Asset Advisory Group, to perform a comprehensive revaluation of its water and sewerage supply network assets as at 30 June 2022.

Valuer applied significant judgement in determining following inputs into the valuation process: unit rates, condition assessment and obsolescence, useful life. The valuation technique has not changed from previous year.

Transportation assets

Transportation assets is a valuation class of asset for the purposes of AASB 13 *Fair Value Measurement* which combines following classes of assets from Note C1-6: roads, bridges, footpaths, bulk earthworks, stormwater drainage.

This valuation relies on key unobservable inputs such as unit rates, condition ratings, useful life. The key unobservable inputs and no active market place these assets categories at Level 3. The last valuation of replacement cost was undertaken on 30

E2-1 Fair value measurement (continued)

June 2019 by AssetVal Pty Ltd. Further adjustments were then applied based on the condition of the assets using internal inspection data.

Remediation Assets for Tips and Quarries

Restoration, cell capping, leachate collection and site closures have been recognised as significant costs for the remediation assets. In particular, the closing of a landfill site will include preparation, final cell capping, site re-vegetation and leachate management. The key unobservable inputs are discount rate, estimated costs, legislative requirements, and timing of remediation and indexation of labour costs. Council engaged an external independent valuation firm (Australis) to update critical estimates related to rehabilitation of a tip and used internal expertise to update critical estimates for remediation of quarries on 30 June 2022.

Fair value measurements using significant unobservable inputs (level 3)

There were no movements between levels of hierarchy during the year. For schedule of changes in values please refer to Note C1-6.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7.5% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$ 72,689.98. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$51,543.60.

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

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

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.20% as at 30 June 2022.

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

(iii) Remediation of closed landfill

Council derecognised provision for remediation of the closed landfill at the Tenterfield Waste Transfer Station due to high level of uncertainty about timing and expenditure subject to an order from the Environment Protection Authority (EPA) (see Note B2-3). Based on the latest information available, the EPA allows council to keep the things as they are at the moment, without performing any works in addition to what has already been done in the past.

Based on management's estimates, should the EPA issues an order for remediation works, the cost may vary from \$120 thousand to \$1 million in 2022 financial year terms.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships
F1 Related party disclosures
F1-1 Key management personnel (KMP)

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

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

	2022 \$ '000	2021 \$ '000
Compensation:		
Short-term benefits	963	886
Post-employment benefits	70	67
Total	1,033	953

F1-2 Councillor and Mayoral fees and associated expenses

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

Mayoral fee	27	27
Councillors' fees	118	122
Other Councillors' expenses (including Mayor)	39	33
Total	184	182

F2 Other relationships

F2-1 Audit fees

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

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

Remuneration for audit and other assurance services

Total Auditor-General remuneration

Total audit fees

60	50
60	50
60	50
60	50

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2022 \$ '000	2021 \$ '000
Net operating result from Income Statement	17,596	17,493
Add / (less) non-cash items:		
Depreciation and amortisation	7,945	7,608
(Gain) / loss on disposal of assets	2,048	2,812
Net effect from found assets	-	(532)
Net effect from de-recognition of remediation provision	(1,119)	-
Unwinding of discount rates on reinstatement provisions	31	15
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	2,005	(2,889)
(Increase) / decrease of inventories	(9)	(27)
Decrease/(increase) in accrued grants income	-	-
(Increase) / decrease of contract asset	1,870	(2,039)
Increase / (decrease) in payables	1,681	(864)
Increase / (decrease) in accrued interest payable	60	33
Increase / (decrease) in other accrued expenses payable	43	56
Increase / (decrease) in other liabilities	297	110
Increase / (decrease) in contract liabilities	8,309	2,491
Increase / (decrease) in employee benefit provision	(373)	68
Increase / (decrease) in other provisions	27	-
Net cash flows from operating activities	40,411	24,335

G2-1 Commitments

Capital commitments (exclusive of GST)

	2022 \$ '000	2021 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Water Supply	8,340	9,046
Plant and equipment	216	-
Intangibles	51	73
Sewer Network	117	100
Waste Management	100	110
Roads	8,141	4,252
Parks	147	19
Buildings	139	362
Other	5	83
Total commitments	17,256	14,045
These expenditures are payable as follows:		
Within the next year	17,256	14,045
Total payable	17,256	14,045
Sources for funding of capital commitments:		
Unrestricted general funds	384	458
Future grants and contributions	14,089	12,808
Externally restricted reserves	275	779
Internally restricted reserves	2,508	-
Total sources of funding	17,256	14,045

G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed. No other matters have arisen subsequent to balance date that would require these financial statements to be amended

G4 Statement of developer contributions as at 30 June 2022

G4-1 Summary of developer contributions

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Expenditure during year and transfers to unrestricted \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
Drainage	2	2	-	-	-	-	4	-
Roads	145	168	-	3	(15)	-	301	-
New multi-residential development	4	-	-	-	-	-	4	-
Open space	2	2	-	-	-	-	4	-
Community facilities	5	5	-	-	-	-	10	-
Emergency services	10	10	-	-	-	-	20	-
Waste management	18	19	-	-	-	-	37	-
Other	5	6	-	-	-	-	11	-
S7.11 contributions – under a plan	191	212	-	3	(15)	-	391	-
Total S7.11 and S7.12 revenue under plans	191	212	-	3	(15)	-	391	-
S64 contributions	31	48	-	-	-	-	79	-
Total contributions	222	260	-	3	(15)	-	470	-

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

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Expenditure during year and transfers to unrestricted \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
CONTRIBUTION PLAN NUMBER 2013								
Drainage	2	2	-	-	-	-	4	-
Roads	145	168	-	3	(15)	-	301	-
New multi-residential development	4	-	-	-	-	-	4	-
Open space	2	2	-	-	-	-	4	-
Community facilities	5	5	-	-	-	-	10	-
Emergency services	10	10	-	-	-	-	20	-
Waste management	18	19	-	-	-	-	37	-
Other	5	6	-	-	-	-	11	-
Total	191	212	-	3	(15)	-	391	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	4,139	12.76%	1.12%	1.14%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	32,431				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	15,720	32.79%	31.97%	39.63%	> 60.00%
Total continuing operating revenue ¹	47,936				
3. Unrestricted current ratio					
Current assets less all external restrictions	12,846	1.95x	2.25x	2.17x	> 1.50x
Current liabilities less specific purpose liabilities	6,585				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	12,646	9.08x	6.98x	6.49x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,393				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	475	4.01%	4.41%	7.55%	< 10.00%
Rates and annual charges collectable	11,844				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	37,107	22.87 months	7.88 months	8.77 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	1,623				

(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

	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
\$ '000							
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	10.86%	(4.24)%	15.00%	6.99%	29.53%	37.91%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	25.82%	24.64%	58.10%	57.24%	98.10%	98.41%	> 60.00%
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	1.95x	2.25x	3.79x	4.50x	36.56x	42.23x	> 1.50x
3. Unrestricted current ratio							
Current assets less all external restrictions	12.26x	6.67x	3.64x	5.12x	6.42x	11.77x	> 2.00x
Current liabilities less specific purpose liabilities	5.91%	6.37%	0.00%	0.00%	0.00%	0.00%	< 10.00%
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	20.69 months	4.68 months	21.97 months	∞	49.92 months	∞	> 3.00 months
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding							
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits							
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G5-1 above.

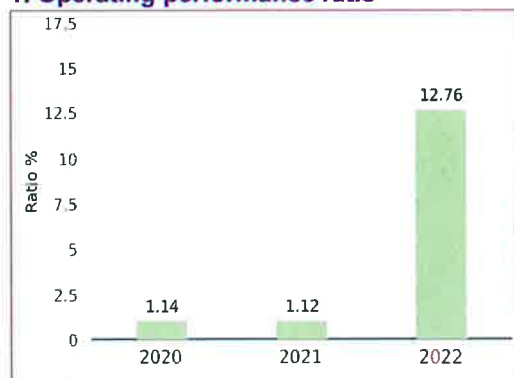
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio 12.76%

The ratio of 12.76% is higher than the benchmark of >0 and much higher than previous FY2020-21 of 1.12%. This is predominately due to council being in receipt of a number of operating grants in the FY 2021/22 relating to various Disaster Recovery works. Council also received 75% of Financial Assistance Grant for FY 2022-23 in FY 2021-22 therefore increasing operating revenue.

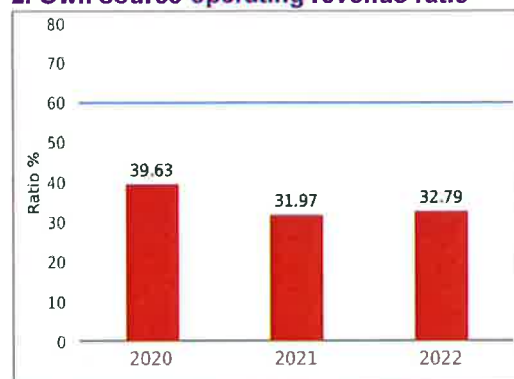
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2021/22 result

2021/22 ratio 32.79%

Council ratio of 32.79% is below the benchmark ratio (>60%) in the FY 2021-22. Council continues to seek ways to increase this including a supposed Special Rate Variation for the FY 2023/24 and FY 2024/25. Council is also considering sale of assets to increase its operating ratio for next financial year.

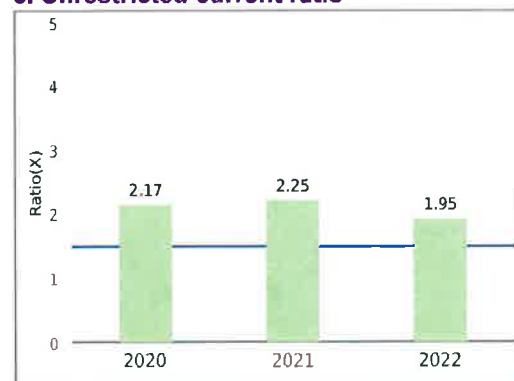
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 1.95x

Council ratio of 1.95x is above the benchmark of (1.50x) but slightly lower than previous year ratio of 2.25x. Council continues to address its unrestricted funds and maintain good governance over its working capital to ensure the ratio is above the benchmark.

Benchmark: — > 1.50x

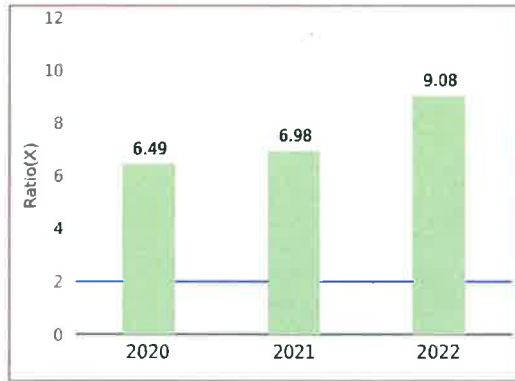
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 9.08x

Council maintains a healthy ratio of 9.08x which is well above the benchmark of (>2.00x). Council monitors its borrowing and loan repayment capacity by focusing on long term – intergenerational asset creation.

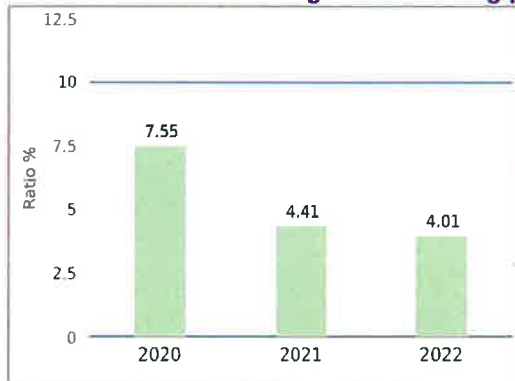
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 4.01%

Council ratio of 4.01% is better than the benchmark of (<10%).

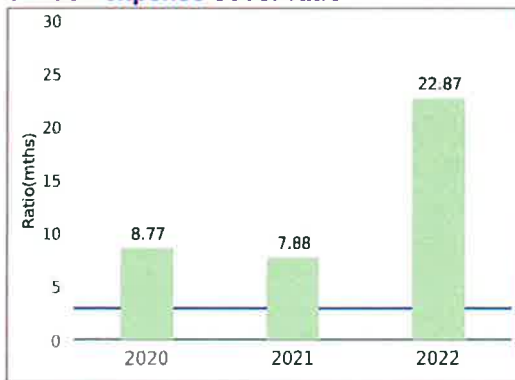
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 22.87 months

Council ratio of 22.87 months is well above the benchmark of (>3 months). This is predominately due to council being in receipt of grants and contribution for both operational and capital purposes. Council also received outstanding payments from State Government which was owed till previous financial year.

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:

247 Rouse Street
Tenterfield NSW 2372

Contact details

Mailing Address:

PO Box 214
Tenterfield NSW 2372

Telephone: 02 6736 6000

Facsimile: 02 6736 6005

Opening hours:

9:00am - 4:30pm
Monday to Friday

Internet: www.tenterfield.nsw.gov.au

Email: council@tenterfield.nsw.gov.au

Officers

Chief Executive

Daryl Buckingham

Responsible Accounting Officer

Roy Jones

Public Officer

Kylie Smith

Auditors

Audit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001

Elected members

Mayor

Bronwyn Petrie

Councillors

John Macnish (Deputy Mayor)

Peter Petty

Tim Bonner

Tom Peters

Peter Murphy

Kim Rhodes

Giana Saccon

Greg Sauer

Geoff Nye

Other information

ABN: 85 010 810 083



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Tenterfield Shire Council

To the Councillors of Tenterfield Shire Council

Qualified Opinion

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

In my opinion, 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My 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 to the financial statements, the Council has not recognised rural fire-fighting equipment and buildings located on land that is controlled and recognised by the Council as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. 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 buildings are controlled by the Council where the buildings are located on land that is controlled and recognised by the Council. This gives the Council the ability to allow or prevent other entities from directing the use of, and obtaining the benefits from these assets.

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 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 14 December 2011
- 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.

While Council has undertaken procedures to confirm the fair value of this equipment and buildings located on land that is controlled and recognised by the Council, including equipment vested in it during the year, it has not recognised these assets in the financial statements. 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.

The effect of the non-recognition is:

- rural fire-fighting equipment assets and buildings located on land that is controlled and recognised by the Council are understated by \$5.4 million in the Statement of Financial Position and related notes as at 30 June 2022
- 'Accumulated surplus' is understated by \$5.4 million in the Statement of Changes in Equity and Statement of Financial Position
- 'Grants and contributions provided for capital purposes' income, representing the fair value of rural fire-fighting equipment that have been vested as assets received free of charge, and 'Depreciation, amortisation and impairment of non-financial assets' expense in the Income Statement is understated by \$255,000 and \$345,000, respectively for the year ended 30 June 2022. 'Depreciation, amortisation and impairment of non-financial assets' expense is recognised over the useful lives of these assets, which is offset by 'Grants and contributions provided for capital purposes' income recognised at the point the assets are vested as an asset received free of charge
- the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-1 'Statement of performance measures – consolidated results' is 12.5% instead of 12.8% and 32.7% instead of 32.8%, respectively
- the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-2 'Statement of performance measures by fund' is 10.6% instead of 10.9% and 25.7% instead of 25.8%, respectively.

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

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

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

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

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

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

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

Emphasis of Matter – Non-compliance with the *Local Government Act 1993*

I draw attention to Note C1-2 'Restricted and allocated cash, cash equivalents and investments', where the Council has reported a negative unrestricted cash balance from 1 July 2021 to March 2022. The Council reported a positive unrestricted cash position (before internal allocations) of \$5.5 million at 30 June 2022.

The Council acknowledges it has used externally restricted funds for purposes other than their intended use during the year ended 30 June 2022. In doing so, it has not complied with section 409 of the *Local Government Act 1993* (the Act).

In addition, the Council is unable to verify that funds raised by special rates or charges were not used to pay for general fund expenses during the year ended 30 June 2022. The Council acknowledges it may have used restricted special rates and charges funds for purposes other than their intended use without Ministerial approval. Such unapproved use would not comply with section 410 of the Act.

My opinion is not modified in respect of this matter.

Other Information

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

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the Act, 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 Act, 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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

15 November 2022
SYDNEY



Cr Bronwyn Petrie
Mayor
Tenterfield Shire Council
PO Box 214
TENTERFIELD NSW 2372

Contact: Chris Harper
Phone no: 02 9275 7374
Our ref: D2223276/1794

15 November 2022

Dear Mayor

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

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

I expressed 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 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

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 and buildings located on land that is controlled and recognised by the Council as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. 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 buildings are controlled by the Council where the buildings are located on land that is controlled and recognised by the Council. This gives the Council the ability to allow or prevent other entities from directing the use of, and obtaining the benefits from these assets.

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 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 14 December 2011
- 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.

While the Council has undertaken procedures to confirm the fair value of this equipment and buildings located on land that is controlled and recognised by the Council, including equipment vested in it during the year, it has not recognised these assets in the financial statements. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to the Council free-of-charge.

This has resulted in the audit opinion on the Council's 30 June 2022 GPFS to be modified.

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

Non-compliance with the *Local Government Act 1993* - use of externally restricted funds for purposes other than their intended use



Council has reported a negative unrestricted cash balance from 1 July 2021 to March 2022. The Council reported a positive unrestricted cash position (before internal allocations) of \$5.5 million at 30 June 2022.

The Council acknowledges it has used externally restricted funds for purposes other than their intended use during the year ended 30 June 2022. In doing so, it has not complied with section 409 of the Act.

In addition, the Council is unable to verify that funds raised by special rates or charges were not used to pay for general fund expenses during the year ended 30 June 2022. The Council acknowledges it may have used restricted special rates and charges funds for purposes other than their intended use, without Ministerial approval. Such unapproved use would not comply with section 410 of the Act.

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	11.3	10.8	 4.6
Grants and contributions revenue	32.2	32.0	 0.6
Operating result from continuing operations	17.6	17.5	 0.6

Net operating result
before capital grants and
contributions

2.1

(2.5)

184

Rates and annual charges revenue (\$11.3 million) increased by \$495,000 (4.6 per cent) in 2021–22 due to:

- the normal rate peg allowance increases during the year
- subdivision of farmland into residential areas, resulting in higher rates and annual charges.

Grants and contributions revenue (\$32.2 million) increased by \$262,000 (0.6 per cent) in 2021–22 mainly due to the effect of:

- \$4.3 million of Disaster Recovery funding in response to the February and March 2022 severe weather and flooding events
- \$1.8 million of Financial Assistance Grant due to the 75% advance payment
- a \$707,000 increase in water supply grants for the new Urbenville water supply project grant and Tenterfield water treatment plant project.

This was offset by a:

- \$2.5 million decrease in heritage and cultural grants, due to the completion of stronger country communities fund projects such as the Tenterfield memorial hall sporting complex
- \$2.4 million decrease in Transport for NSW other roads and bridges funding, due to the completion of various bridge renewal programs in 2020-21
- \$523,000 decrease in roads to recovery funding in line with Council's approved schedule of works under the program
- \$333,000 decrease in noxious weeds funding, due to the completion of the communities combating pest and weed impacts during drought project in 2020-21
- \$331,000 decrease in community centres funding, due to the completion of the memorial hall internal acoustic, ventilation and insulation treatments project in 2020-21
- \$138,000 decrease in town planning funding, due to the completion of the vibrant and connected Jennings (Wallangarra) project in 2020-21.

The Council's operating result from continuing operations (\$17.6 million including depreciation and amortisation expense of \$7.9 million) was \$103,000 higher than the 2020–21 result. This can be attributed to:

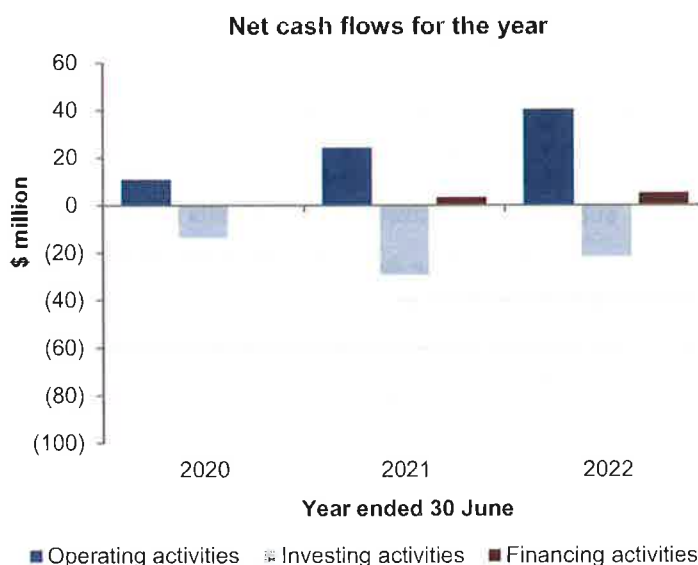
- an increase in rates and annual charges and grants and contributions, as described above
- a reduction in other expenses of \$934,000 and the net loss from disposal of assets of \$764,000.

This was offset by an increase in depreciation and amortisation of \$337,000 and materials and services expenditure of \$1.8 million.

The net operating result before capital grants and contributions (\$2.1 million) was \$4.6 million higher than the 2020–21 result. The increase is mainly attributed to the increase in operating grants income relating to prepaid Financial Assistance Grants (\$1.8 million) and Disaster Recovery Funding (\$4.3 million) as explained above.

STATEMENT OF CASH FLOWS

- Cash from operating activities increased by \$16.1 million, mainly due to a \$14.6 million increase in grants and contributions received.
- Cash outflows from investing activities decreased by \$7.6 million due to a reduction in capital works in 2021-22.
- Cash inflows from financing activities increased by \$1.7 million due to \$5.9 million of new borrowings in 2021-22 for infrastructure projects, compared to \$4.0 million in prior year, offset by a \$113,000 increase in repayments of borrowings from prior year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	37.1	13.4	Major external restrictions include water, sewer and domestic waste operations, as well as grants for specific purposes, unexpended loans and developer contributions.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations include cash set aside for future special projects.
• External restrictions	31.6	14.6	Overall, cash and cash equivalents increased due to higher grants and contributions in 2021-22.
• Internal allocations	5.0	--	Externally restricted cash, cash equivalents and investments increased by \$17.0 million due to an increase in grants and contributions income for specific purposes which had not been spent at year end.

PERFORMANCE

Performance measures

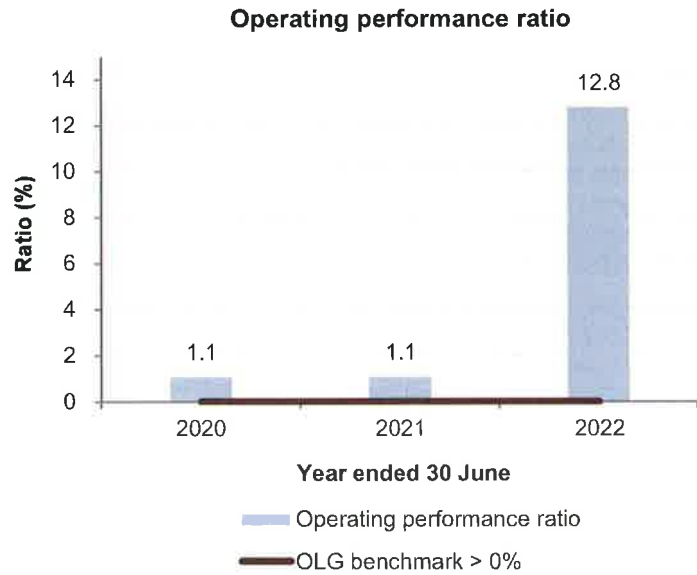
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

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.

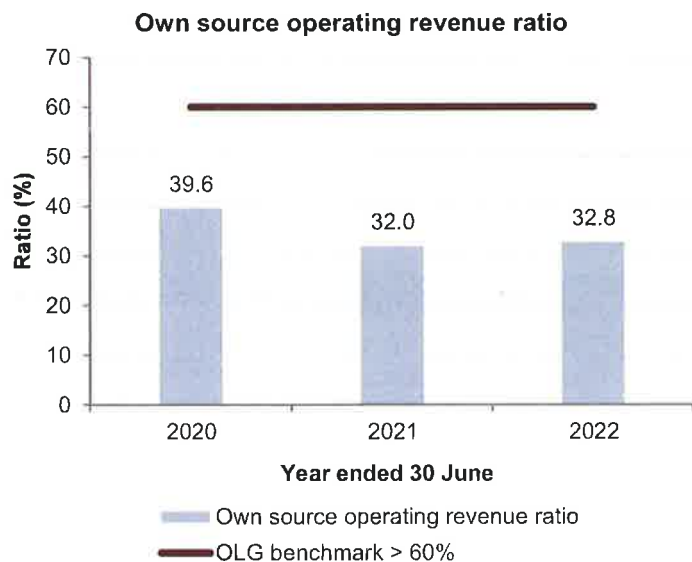
The current year ratio improved significantly due to a \$4.8 million increase in grants and contributions revenue for operating purposes.



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.

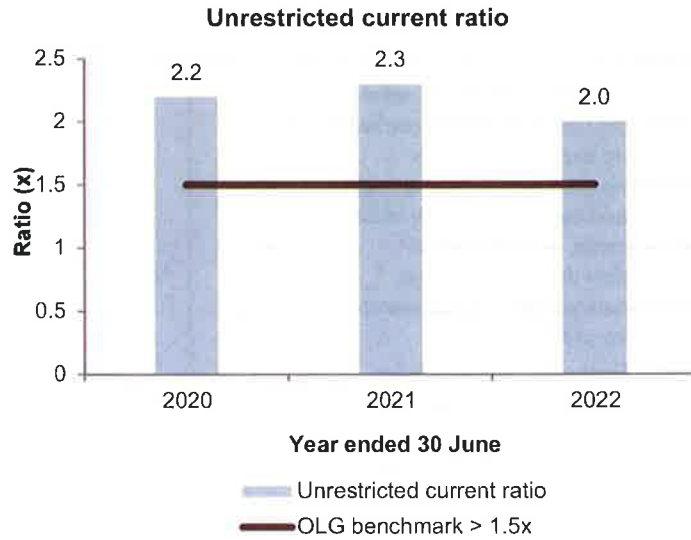


Unrestricted current ratio

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 current year ratio is lower than prior year due to an increase in the restricted cash balance relating to grants with specific performance obligations.

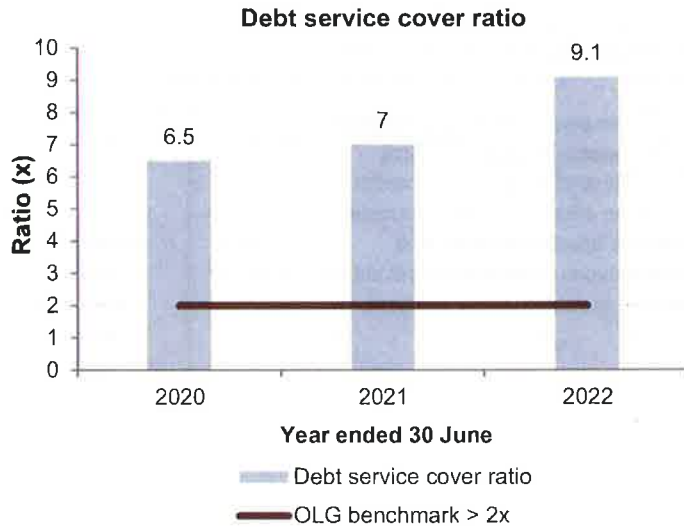


Debt service cover ratio

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.

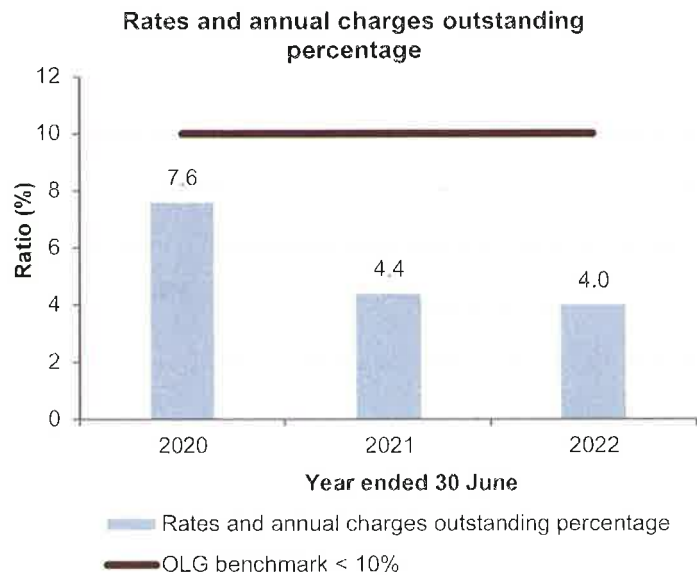
The ratio continues to improve due to improved net operating result before capital grants.



Rates and annual charges outstanding percentage

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

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

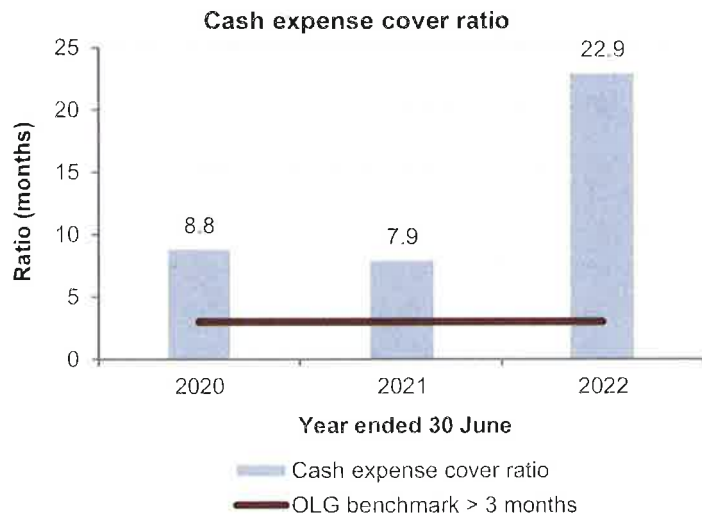


Cash expense cover ratio

The Council 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 ratio increased significantly due to the improved overall cash position at 30 June 2022.



Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment renewal expenditure was \$9.7 million. This decreased by \$3.0 million compared to 2020-21 due to lower expenditure on bridges, roads and water supply related capital works during the year.

Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements that will be reported in the Management Letter. Rural fire-fighting equipment was not recognised in the financial statements.

My audit procedures identified instances of non-compliance with legislative requirements that will be reported to the Minister for Local Government. Refer to the 'significant audit issues and observations'

section of this report relating to 'Non-compliance with the *Local Government Act 1993* - use of externally restricted funds for purposes other than their intended use'.

Except for the matters 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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

cc: Mr Daryl Buckingham, Chief Executive Officer
Mr Peter Sheville, Chair of the Audit, Risk and Improvement Committee
Ms Kylie Smith, Chief Corporate Officer
Mr Roy Jones, Manager Finance and Technology
Mr Jacob Sauer, Principal, Forsyths
Mr Michael Cassel, Secretary of the Department of Planning and Environment

Tenterfield Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

"Quality Nature, Quality Heritage and Quality Lifestyle"



Tenterfield Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
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Background

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

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

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

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

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

Tenterfield Shire Council
Special Purpose Financial Statements
for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 24 August 2022.



Bronwyn Petrie
Mayor
24 August 2022



John Macnish
Deputy Mayor
24 August 2022



Daryl Buckingham
Chief Executive
24 August 2022

Roy Jones

Roy Jones
Responsible Accounting Officer
24 August 2022

Tenterfield Shire Council

Income Statement of water supply business activity
for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
Access charges	1,310	1,238
User charges	1,116	1,299
Fees	23	56
Interest and investment income	2	6
Grants and contributions provided for operating purposes	234	218
Other income	8	(72)
Total income from continuing operations	2,693	2,745
Expenses from continuing operations		
Employee benefits and on-costs	514	542
Borrowing costs	161	225
Materials and services	874	958
Depreciation, amortisation and impairment	740	734
Loss on de-recognition of assets	-	18
Other expenses	-	76
Total expenses from continuing operations	2,289	2,553
Surplus (deficit) from continuing operations before capital amounts	404	192
Grants and contributions provided for capital purposes	1,539	1,670
Surplus (deficit) from continuing operations after capital amounts	1,943	1,862
Surplus (deficit) from all operations before tax	1,943	1,862
Less: corporate taxation equivalent (25%) [based on result before capital]	(101)	(50)
Surplus (deficit) after tax	1,842	1,812
Plus accumulated surplus	14,013	12,151
Plus adjustments for amounts unpaid:		
- Corporate taxation equivalent	104	50
Closing accumulated surplus	15,959	14,013
Return on capital %	1.4%	1.4%
Subsidy from Council	883	23
Calculation of dividend payable:		
Surplus (deficit) after tax	1,842	1,812
Less: capital grants and contributions (excluding developer contributions)	(1,539)	(1,670)
Surplus for dividend calculation purposes	303	142
Potential dividend calculated from surplus	152	70

Tenterfield Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
Access charges	2,496	2,344
User charges	126	173
Liquid trade waste charges	18	27
Fees	23	34
Interest and investment income	9	7
Grants and contributions provided for operating purposes	27	27
Other income	10	84
Total income from continuing operations	2,709	2,696
Expenses from continuing operations		
Employee benefits and on-costs	337	270
Borrowing costs	135	142
Materials and services	909	636
Depreciation, amortisation and impairment	528	507
Net loss from the disposal of assets	-	26
Other expenses	-	93
Total expenses from continuing operations	1,909	1,674
Surplus (deficit) from continuing operations before capital amounts	800	1,022
Grants and contributions provided for capital purposes	25	16
Surplus (deficit) from continuing operations after capital amounts	825	1,038
Surplus (deficit) from all operations before tax	825	1,038
Less: corporate taxation equivalent (25%) [based on result before capital]	(200)	(266)
Surplus (deficit) after tax	625	772
Plus accumulated surplus	13,101	12,063
Plus adjustments for amounts unpaid:		
- Corporate taxation equivalent	202	266
Closing accumulated surplus	13,928	13,101
Return on capital %	4.3%	5.1%
Subsidy from Council	-	-
Calculation of dividend payable:		
Surplus (deficit) after tax	625	772
Less: capital grants and contributions (excluding developer contributions)	(25)	(16)
Surplus for dividend calculation purposes	600	756
Potential dividend calculated from surplus	300	377

Tenterfield Shire Council

Statement of Financial Position of water supply business activity as at 30 June 2022

	2022 \$ '000	2021 \$ '000
ASSETS		
Current assets		
Contract assets and contract cost assets	444	784
Cash and cash equivalents	2,834	590
Receivables	694	1,146
Total current assets	3,972	2,520
Non-current assets		
Infrastructure, property, plant and equipment	39,572	29,557
Total non-current assets	39,572	29,557
Total assets	43,544	32,077
LIABILITIES		
Current liabilities		
Contract liabilities	588	-
Payables	285	318
Income received in advance	5	5
Borrowings	171	237
Total current liabilities	1,049	560
Non-current liabilities		
Borrowings	5,799	5,931
Total non-current liabilities	5,799	5,931
Total liabilities	6,848	6,491
Net assets	36,696	25,586
EQUITY		
Accumulated surplus	15,959	14,014
Revaluation reserves	20,737	11,572
Total equity	36,696	25,586

Tenterfield Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	5,745	4,846
Receivables	178	221
Total current assets	5,923	5,067
Non-current assets		
Infrastructure, property, plant and equipment	21,544	22,668
Total non-current assets	21,544	22,668
Total assets	27,467	27,735
LIABILITIES		
Current liabilities		
Payables	61	27
Borrowings	101	93
Total current liabilities	162	120
Non-current liabilities		
Borrowings	1,569	1,670
Total non-current liabilities	1,569	1,670
Total liabilities	1,731	1,790
Net assets	25,736	25,945
EQUITY		
Accumulated surplus	13,928	13,102
Revaluation reserves	11,808	12,843
Total equity	25,736	25,945

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Tenterfield Shire Water Supplies

Water supply system servicing the towns of Tenterfield, Urbenville and Jennings.

b. Tenterfield Shire Sewerage Services

Sewerage reticulation and treatment system servicing the towns of Tenterfield and Jennings.

Category 2

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

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. 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% (20/21 26%)

Note – Significant Accounting Policies (continued)

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

Payroll tax – 4.85% on the value of taxable salaries and wages in excess of \$1,210,000.

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

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

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

Income tax

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

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is/is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

(iii) Dividends

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

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

Note – Significant Accounting Policies (continued)

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Tenterfield Shire Council

To the Councillors of Tenterfield Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'CHarper', with a long horizontal stroke extending to the right.

Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

15 November 2022
SYDNEY

Tenterfield Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

"Quality Nature, Quality Heritage and Quality Lifestyle"



Tenterfield Shire Council

Special Schedules

for the year ended 30 June 2022

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Tenterfield Shire Council

Permissible income for general rates

	Notes	Calculation 2021/22 \$ '000	Calculation 2022/23 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	4,715	4,825
Plus or minus adjustments ²	b	—	(4)
Notional general income	c = a + b	4,715	4,821
Permissible income calculation			
Or rate peg percentage	e	2.00%	0.70%
Or plus rate peg amount	i = e x (c + g)	94	34
Sub-total	k = (c + g + h + i + j)	4,809	4,855
Plus (or minus) last year's carry forward total	l	2	(15)
Sub-total	n = (l + m)	2	(15)
Total permissible income	o = k + n	4,811	4,840
Less notional general income yield	p	4,825	4,852
Catch-up or (excess) result	q = o - p	(14)	(12)
Carry forward to next year ⁶	t = q + r + s	(14)	(12)
Notes			

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Tenterfield Shire Council

To the Councillors of Tenterfield Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'CHarper', with a long horizontal flourish extending to the right.

Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

15 November 2022
SYDNEY

Tenterfield Shire Council Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets agreed level of to satisfactory service set by Council maintenance ^a		2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000					1	2	3	4	5
Buildings	Buildings	2,145	681	524	524	17,853	39,295	4.0%	15.0%	48.0%	30.0%	3.0%
	Sub-total	2,145	681	524	524	17,853	39,295	4.0%	15.0%	48.0%	30.0%	3.0%
Other structures	Other structures	206	79	63	63	3,261	5,416	17.0%	45.0%	22.0%	14.0%	2.0%
	Sub-total	206	79	63	63	3,261	5,416	17.0%	45.0%	22.0%	14.0%	2.0%
Roads	Roads ^b	11,757	2,865	4,560	4,560	237,427	298,409	58.0%	18.0%	11.0%	12.0%	1.0%
	Bridges	4,279	1,328	57	57	57,294	99,606	19.0%	49.0%	10.0%	21.0%	1.0%
	Footpaths	12	-	2	2	2,669	3,726	54.0%	39.0%	6.0%	1.0%	0.0%
	Bulk earthworks	-	-	-	-	103,704	103,704	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	16,048	4,193	4,619	4,619	401,094	505,445	58.9%	20.6%	8.5%	11.2%	0.8%
Water supply network	Water supply	5,953	13,655	569	569	35,729	66,057	13.0%	58.0%	5.0%	4.0%	20.0%
	Sub-total	5,953	13,655	569	569	35,729	66,057	13.0%	58.0%	5.0%	4.0%	20.0%
Sewerage network	Sewerage network	428	8	470	470	20,098	31,622	20.0%	41.0%	32.0%	7.0%	0.0%
	Sub-total	428	8	470	470	20,098	31,622	20.0%	41.0%	32.0%	7.0%	0.0%
Stormwater drainage	Stormwater drainage	577	330	69	69	3,954	8,993	25.0%	33.0%	17.0%	22.0%	3.0%
	Sub-total	577	330	69	69	3,954	8,993	25.0%	33.0%	17.0%	22.0%	3.0%
Open space / recreational assets	Swimming pools	732	1,120	137	137	366	1,535	0.0%	5.0%	3.0%	13.0%	79.0%
	Open Space & Recreation	87	-	533	533	2,466	3,397	37.0%	34.0%	17.0%	12.0%	0.0%
	Sub-total	819	1,120	670	670	2,832	4,932	25.5%	25.0%	12.6%	12.3%	24.6%
Total – all assets		26,176	20,066	6,984	6,984	484,821	661,760	48.1%	25.4%	11.9%	11.6%	3.0%

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

(b) Roads maintenance significantly increased in 2022 financial year compared to 2021 financial year due to disaster funded recovery expenses.

Infrastructure asset condition assessment 'key'

- | | | | |
|-----------------------|---------------------------------------|-------------|-----------------------------------|
| 1 Excellent/very good | No work required (normal maintenance) | 4 Poor | Renewal required |
| 2 Good | Only minor maintenance work required | 5 Very poor | Urgent renewal/upgrading required |
| 3 Satisfactory | Maintenance work required | | |

Tenterfield Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2022	2022	2021	2020	
Buildings and infrastructure renewals ratio ¹					
Asset renewals ¹	9,704	143.04%	151.93%	102.03%	>= 100.00%
Depreciation, amortisation and impairment	6,784				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	26,176	5.15%	6.24%	5.10%	< 2.00%
Net carrying amount of infrastructure assets	507,799				
Asset maintenance ratio					
Actual asset maintenance	6,984	100.00%	100.03%	100.01%	> 100.00%
Required asset maintenance	6,984				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	20,066	3.03%	4.01%	3.74%	
Gross replacement cost	661,760				

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

(1) Includes renewal works in Work In Progress (WIP).

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

Tenterfield Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
\$ '000							
Buildings and infrastructure renewals ratio ¹							
Asset renewals ¹	162.17%	172.18%	40.67%	105.06%	75.86%	0.00%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	4.38%	5.47%	16.66%	23.42%	2.13%	1.61%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	100.00%	100.03%	100.00%	100.00%	100.00%	100.00%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.14%	2.26%	20.67%	21.37%	0.03%	0.00%	
Gross replacement cost							

(1) Includes renewal works in Work In Progress (WIP).

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

