



Oberon Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Oberon Council

General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	77
On the Financial Statements (Sect 417 [3])	78

Overview

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

137-139 Oberon Street
OBERON NSW 2787

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.oberon.nsw.gov.au.

Oberon 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) (as amended)

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

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

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

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

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

Signed in accordance with a resolution of Council made on 18th October 2022.



Mark Kellam
Mayor
26 October 2022



Andrew McKibbin
Deputy Mayor
26 October 2022



Gary Wallace
General Manager
26 October 2022



Mathew Webb
Responsible Accounting Officer
26 October 2022

Oberon Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Restated Actual 2021
Income from continuing operations				
6,324	Rates and annual charges	B2-1	6,460	6,221
4,462	User charges and fees	B2-2	5,572	5,018
419	Other revenues	B2-3	656	527
4,716	Grants and contributions provided for operating purposes	B2-4	6,558	7,143
11,405	Grants and contributions provided for capital purposes	B2-4	10,501	6,765
216	Interest and investment income	B2-5	157	185
–	Other income	B2-6	424	448
942	Net gain from the disposal of assets	B4-1	–	–
28,484	Total income from continuing operations		30,328	26,307
Expenses from continuing operations				
5,003	Employee benefits and on-costs	B3-1	6,536	5,910
5,713	Materials and services	B3-2	8,983	6,876
89	Borrowing costs	B3-3	172	110
4,803	Depreciation, amortisation and impairment of non-financial assets	B3-4	5,016	5,208
695	Other expenses	B3-5	631	643
–	Net loss from the disposal of assets	B4-1	3,575	729
16,303	Total expenses from continuing operations		24,913	19,476
12,181	Operating result from continuing operations		5,415	6,831
12,181	Net operating result for the year attributable to Council		5,415	6,831
776	Net operating result for the year before grants and contributions provided for capital purposes		(5,086)	66

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

Oberon Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	Restated 2021
Net operating result for the year – from Income Statement		5,415	6,831
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>14,836</u>	<u>4,197</u>
Total items which will not be reclassified subsequently to the operating result		14,836	4,197
Total other comprehensive income for the year		14,836	4,197
Total comprehensive income for the year attributable to Council		20,251	11,028

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

Oberon Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	3,590	8,539
Investments	C1-2	20,750	17,300
Receivables	C1-4	3,379	2,075
Inventories	C1-5	862	865
Contract assets and contract cost assets	C1-6	2,248	1,584
Other	C1-8	632	82
Total current assets		31,461	30,445
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-7	284,987	266,784
Total non-current assets		284,987	266,784
Total assets		316,448	297,229
LIABILITIES			
Current liabilities			
Payables	C3-1	1,824	1,019
Contract liabilities	C3-2	3,748	5,234
Borrowings	C3-3	668	642
Employee benefit provisions	C3-4	1,430	1,342
Total current liabilities		7,670	8,237
Non-current liabilities			
Payables	C3-1	192	–
Borrowings	C3-3	3,992	4,660
Employee benefit provisions	C3-4	34	32
Provisions	C3-5	304	295
Total non-current liabilities		4,522	4,987
Total liabilities		12,192	13,224
Net assets		304,256	284,005
EQUITY			
Accumulated surplus	C4-1	154,345	148,930
IPPE revaluation reserve	C4-1	149,911	135,075
Council equity interest		304,256	284,005
Total equity		304,256	284,005

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

Oberon Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus Restated	IPPE revaluation reserve	Total equity Restated
Opening balance at 1 July		148,930	135,075	284,005	142,099	130,878	272,977
Opening balance		148,930	135,075	284,005	142,099	130,878	272,977
Net operating result for the year		5,415	–	5,415	8,999	–	8,999
Correction of prior period errors	G4-1	–	–	–	(2,168)	–	(2,168)
Restated net operating result for the period		5,415	–	5,415	6,831	–	6,831
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	14,836	14,836	–	4,197	4,197
Transfers between equity items		–	–	–	–	–	–
Other comprehensive income		–	14,836	14,836	–	4,197	4,197
Total comprehensive income		5,415	14,836	20,251	6,831	4,197	11,028
Closing balance at 30 June		154,345	149,911	304,256	148,930	135,075	284,005

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

Oberon Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
6,324	Rates and annual charges		6,538	6,366
4,462	User charges and fees		4,938	4,963
419	Interest received		231	231
16,121	Grants and contributions		14,859	16,616
–	Bonds, deposits and retentions received		21	22
–	Other		497	887
<i>Payments:</i>				
(5,003)	Payments to employees		(6,445)	(6,086)
(5,713)	Payments for materials and services		(8,371)	(6,508)
(89)	Borrowing costs		(172)	(110)
(695)	Other		(1,045)	(375)
15,826	Net cash flows from operating activities	G1-1	11,051	16,006
Cash flows from investing activities				
<i>Receipts:</i>				
17,300	Sale of investments		17,300	15,000
942	Proceeds from sale of IPPE		–	195
<i>Payments:</i>				
(17,300)	Purchase of investments		(17,300)	(15,000)
–	Acquisition of term deposits		(3,450)	(1,500)
(13,227)	Payments for IPPE		(11,908)	(10,545)
(12,285)	Net cash flows from investing activities		(15,358)	(11,850)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	3,000
<i>Payments:</i>				
(527)	Repayment of borrowings		(642)	(504)
(527)	Net cash flows from financing activities		(642)	2,496
3,014	Net change in cash and cash equivalents		(4,949)	6,652
8,539	Cash and cash equivalents at beginning of year		8,539	1,887
11,553	Cash and cash equivalents at end of year	C1-1	3,590	8,539
17,300	plus: Investments on hand at end of year	C1-2	20,750	17,300
28,853	Total cash, cash equivalents and investments		24,340	25,839

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

Oberon Council

Contents for the notes to the Financial Statements for the year ended 30 June 2022

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	22
B2-6 Other income	22
B3 Costs of providing services	23
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	24
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of non-financial assets	26
B3-5 Other expenses	26
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	31
C1 Assets we manage	31
C1-1 Cash and cash equivalents	31
C1-2 Financial investments	31
C1-3 Restricted and allocated cash, cash equivalents and investments	33
C1-4 Receivables	35
C1-5 Inventories	36
C1-6 Contract assets and Contract cost assets	37
C1-7 Infrastructure, property, plant and equipment	38
C1-8 Other	41
C2 Leasing activities	42
C2-1 Council as a lessee	42
C2-2 Council as a lessor	42
C3 Liabilities of Council	43
C3-1 Payables	43
C3-2 Contract Liabilities	43
C3-3 Borrowings	44
C3-4 Employee benefit provisions	45
C3-5 Provisions	46

Oberon Council

Contents for the notes to the Financial Statements for the year ended 30 June 2022

C4 Reserves	48
C4-1 Nature and purpose of reserves	48
D Council structure	49
D1 Results by fund	49
D1-1 Income Statement by fund	49
D1-2 Statement of Financial Position by fund	50
D2 Interests in other entities	51
D2-1 Interests in associates	51
E Risks and accounting uncertainties	52
E1-1 Risks relating to financial instruments held	52
E2-1 Fair value measurement	55
E3-1 Contingencies	63
F People and relationships	66
F1 Related party disclosures	66
F1-1 Key management personnel (KMP)	66
F1-2 Councillor and Mayoral fees and associated expenses	67
F2 Other relationships	67
F2-1 Audit fees	67
G Other matters	67
G1-1 Statement of Cash Flows information	67
G2-1 Commitments	69
G3-1 Events occurring after the reporting date	69
G4 Changes from prior year statements	70
G4-1 Correction of errors	70
G5 Statement of developer contributions as at 30 June 2022	72
G5-1 Summary of developer contributions	72
G5-2 Developer contributions by plan	73
G5-3 Contributions not under plans	73
G6 Statement of performance measures	74
G6-1 Statement of performance measures – consolidated results	74
G6-2 Statement of performance measures by fund	75

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 18/10/2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Significant judgements in applying the Council's accounting policies

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

A1-1 Basis of preparation (continued)

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.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council relies on local community members to assist with the hosting of Community Events throughout the year. This service is on a volunteer basis and as such is not recognised in the income statement as an expense. All other associated expenses relating to community events are recognised in the income statement.

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2022.

Those newly adopted standards which had an impact on reported position, performance and/or disclosures have been discussed in Notes.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
A Growing Economy	42	72	435	451	(393)	(379)	–	2	110	124
Caring for the Environment	1,375	406	2,302	1,982	(927)	(1,576)	491	173	7,526	8,452
Community Wellbeing	1,014	1,480	1,330	1,495	(316)	(15)	685	1,140	18,196	15,971
Infrastructure and Services	20,444	17,759	17,388	12,710	3,056	5,049	13,126	10,678	290,411	272,451
Leadership and Engagement	7,453	6,591	3,458	2,839	3,995	3,752	2,757	1,915	205	231
Total functions and activities	30,328	26,308	24,913	19,477	5,415	6,831	17,059	13,908	316,448	297,229

B1-2 Components of functions or activities

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

A Growing Economy

Includes expenses relating to the "A Growing Economy" CSP theme which includes:

- Develop strong relationships with local industry, organisations and government to ensure a sustainable local economy
- Encourage sustainable tourism initiatives which create employment and boost the local economy
- Explore new and innovative approaches to economic development to enhance skills and provide broader employment opportunities for future generations
- Promote, support and attract local businesses and industry
- Lobby for better telecommunication services

Caring for the Environment

Includes expenses relating to the "Caring for the Environment" CSP theme which includes:

- Protect and manage local air quality, waterways, rivers and streams
- Work with other agencies to protect local fauna and biodiversity
- Ensure sustainable waste management services and programs, with a commitment to resource recovery
- Recognise the valuable contribution of the agriculture sector to the local economy
- Reduce the impact of Council's carbon footprint through energy saving innovations

Community Wellbeing

Includes expenses relating to the "Community Wellbeing" CSP theme which includes:

- Meet the transport needs for all community members within the area and to the region and cities
- Meet the social, cultural and physical needs of the community
- Meet the health, educational and social service needs of the community
- Work with our partners to provide a safe community

Infrastructure and Services

Includes expenses relating to the "Infrastructure and Services" CSP theme which includes:

- Provide a program to improve local roads and work with partners on state road infrastructure
- Provide accessible, safe and well-maintained community spaces and facilities
- Provide infrastructure which encourages the use of sustainable transport, such as cycleways and walking tracks
- Plan for infrastructure and land use needs for future growth
- Provide secure and safe water supply, and manage wastewater

Leadership and Engagement

Includes expenses relating to the "Leadership and Engagement" CSP theme which includes:

- Partner with local communities to create an ongoing culture of engagement to aid Council decision making
- Council has sound organisational health with strong leadership and governance frameworks
- Council builds strong relationships with other Councils and organisations in support of the Oberon Plan and the wider region
- Council has a focus on providing excellence in service delivery
- Ensure financial stability and support efficient Council operations

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	1,831	1,791
Farmland	2,261	2,224
Business	244	242
Less: pensioner rebates (mandatory)	(46)	(45)
Less: pensioner rebates (Council policy)	(37)	(38)
Rates levied to ratepayers	4,253	4,174
Pensioner rate subsidies received	47	44
Total ordinary rates	4,300	4,218
Special rates		
Town improvement	509	439
Rates levied to ratepayers	509	439
Total special rates	509	439
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	272	263
Water supply services	519	489
Sewerage services	827	782
Waste management services (non-domestic)	59	57
Less: pensioner rebates (mandatory)	(40)	(41)
Less: pensioner rebates (Council policy)	(15)	(16)
Annual charges levied	1,622	1,534
Pensioner subsidies received:		
– Water	10	11
– Sewerage	11	11
– Domestic waste management	8	8
Total annual charges	1,651	1,564
Total rates and annual charges	6,460	6,221

Council has used 2020 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	2022	2021
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Water supply services	1,593	1,221
Sewerage services	488	412
Waste management services (non-domestic)	84	63
Industrial waste management	355	321
Total specific user charges	2,520	2,017
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Inspection services	6	6
Planning and building regulation	109	98
Regulatory/ statutory fees	4	3
Regulatory fees	32	27
Section 603 certificates	10	12
Town planning	133	87
Total fees and charges – statutory/regulatory	294	233
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	88	73
Gravel pits	3	6
Library	3	3
Transport for NSW works (state roads not controlled by Council)	2,591	2,582
Tourism	4	–
Visitor Information Centre	21	50
Private Works - Local Government	48	53
Other	–	1
Total fees and charges – other	2,758	2,768
Total other user charges and fees	3,052	3,001
Total user charges and fees	5,572	5,018
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	5,111	4,599
User charges and fees recognised at a point in time	461	419
Total user charges and fees	5,572	5,018

Accounting policy

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

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

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

B2-3 Other revenues

\$ '000	2022	2021
Fines	15	16
Legal fees recovery – rates and charges (extra charges)	43	35
Legal fees recovery – other	52	–
Community Contributions	38	15
Diesel rebate	102	116
CTC	4	7
Insurance claims recoveries	24	7
Independent Living Units Bequest Income	4	–
FESL	130	148
Other - Centroc	–	5
State waste rebate	142	28
Other	6	5
Sales – general	3	23
Services NSW	74	80
Workers comp	19	42
Total other revenue	656	527
Timing of revenue recognition for other revenue		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	656	527
Total other revenue	656	527

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021 Restated
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,045	890	–	–
Financial assistance – local roads component	546	479	–	–
Payment in advance - future year allocation				
Financial assistance – general component	1,604	977	–	–
Financial assistance – local roads component	862	489	–	–
Amount recognised as income during current year	4,057	2,835	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Community infrastructure	4	63	546	1,356
Employment and training programs	62	3	–	–
Heritage and cultural	58	15	–	–
Library	73	72	–	–
Library – special projects	–	–	225	4
LIRS subsidy	63	79	–	–
Restart NSW – fixing local roads	–	–	7,347	2,487
Sewerage services	–	–	18	124
Storm/flood damage	448	1,584	–	–
Street lighting	44	7	–	–
Tourism	11	63	–	–
Transport (roads to recovery)	60	880	298	–
Water supplies	–	–	(8)	336
Youth week	3	2	–	–
Community Infrastructure	246	113	–	–
Other specific grants	17	27	100	115
Previously contributions:				
Bushfire services	134	106	796	–
Kerb and gutter	–	–	23	–
Transport for NSW contributions (regional roads, block grant)	815	815	–	–
Other contributions	–	–	277	–
RMS contributions – traffic facilities	63	63	–	–
RMS contributions - additional funding	400	416	–	1,615
Total special purpose grants and non-developer contributions – cash	2,501	4,308	9,622	6,037
Non-cash contributions				
Roads and bridges	–	–	50	–
Total other contributions – non-cash	–	–	50	–
Total special purpose grants and non-developer contributions (tied)	2,501	4,308	9,672	6,037
Total grants and non-developer contributions	6,558	7,143	9,672	6,037
Comprising:				
– Commonwealth funding	4,182	3,720	844	1,356
– State funding	2,376	3,406	8,478	4,681
– Other funding	–	17	350	–
	6,558	7,143	9,672	6,037

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021 Restated
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5				
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	452	489
S 64 – water supply contributions		–	–	74	73
S 64 – sewerage service contributions		–	–	303	166
Total developer contributions – cash		–	–	829	728
Total developer contributions		–	–	829	728
Total contributions		–	–	829	728
Total grants and contributions		6,558	7,143	10,501	6,765
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		2,186	4,040	9,324	5,918
Grants and contributions recognised at a point in time		4,372	3,103	1,177	847
Total grants and contributions		6,558	7,143	10,501	6,765

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021 Restated
Operating grants and contributions				
Unspent grants at 1 July	707	566	4,526	381
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	-	-
Add: Funds received and not recognised as revenue in the current year	80	449	3,498	6,551
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(435)	(308)	(4,628)	(2,406)
Unspent grants at 30 June	352	707	3,396	4,526
Contributions				
Unspent funds at 1 July	-	-	2,465	1,797
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	829	731
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(32)	(63)
Unspent contributions at 30 June	-	-	3,262	2,465

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include Destination Marketing Campaign/VIC upgrade/O'Connell Recreational Grounds work. 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 of costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

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

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

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

Developer Contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	36	21
– Cash and investments	121	164
Finance income on the net investment in the lease	–	–
Total interest and investment income (losses)	157	185

Accounting policy

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

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

B2-6 Other income

\$ '000	Notes	2022	2021
Rental income			
Other lease income			
Room/Facility Hire		23	24
Leaseback fees - council vehicles		33	33
Other		10	9
Affordable Living - Independent Living Units		112	85
Oberon Fitness & Aquatic Centre		225	277
Oberon Jenolan Caravan Park		21	20
Total other lease income		424	448
Total rental income	C2-2	424	448
Total other income		424	448

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	6,069	6,005
Employee termination costs	–	106
Travel expenses	27	14
Employee leave entitlements (ELE)	108	(147)
Superannuation	587	582
Superannuation – defined benefit plans	1	–
Workers' compensation insurance	211	164
Fringe benefit tax (FBT)	42	27
Training costs (other than salaries and wages)	42	49
Protective clothing	30	24
Medicals	–	5
Recruitment Costs	–	2
Total employee costs	7,117	6,831
Less: capitalised costs	(581)	(921)
Total employee costs expensed	6,536	5,910

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

\$ '000	Notes	2022	2021
Raw materials and consumables		3,582	3,438
Contractor and consultancy costs		1,562	120
– Animal control		14	14
– Asset mgt		219	95
– Building contractors		103	262
– Cleaning		61	68
– Ground maintenance		32	23
– Plant		4	2
– RFS		2	5
– Road maintenance contractors		10,956	8,244
– Sewer infrastructure		67	122
– Water infrastructure		138	441
– Waste		380	402
Audit Fees	F2-1	43	38
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	150	140
Advertising		29	44
Bank charges		28	26
Computer software charges		571	378
Electricity and heating		188	170
Insurance		427	492
Office expenses (including computer expenses)		24	–
Postage		21	26
Printing and stationery		52	80
Street lighting		50	80
Subscriptions and publications		103	132
Telephone and communications		106	72
Other expenses		20	37
YMCA Contract		626	638
Engineering/finance/development/IT & corporate contractors		395	400
Hardware expensed		28	42
Rates and charges		85	81
Vehicle registration		71	71
Water Charges		55	34
Expenses from short-term leases		46	65
Legal expenses:			
– Legal expenses: planning and development		45	121
– Legal expenses: debt recovery		66	59
– Legal expenses: other		85	23
Internal auditing		–	13
Total materials and services		20,434	16,499
Less: capitalised costs		(11,451)	(9,623)
Total materials and services		8,983	6,876

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on loans		163	106
Total interest bearing liability costs		163	106
Total interest bearing liability costs expensed		163	106
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	9	4
Total other borrowing costs		9	4
Total borrowing costs expensed		172	110

Accounting policy

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

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		794	940
Office equipment		7	7
Furniture and fittings		26	23
Land improvements (depreciable)		14	42
Infrastructure:	C1-7		
– Buildings – non-specialised		10	9
– Buildings – specialised		570	503
– Other structures		91	90
– Roads		2,696	2,659
– Bridges		116	116
– Footpaths		36	33
– Stormwater drainage		121	119
– Water supply network		288	281
– Sewerage network		166	305
– Swimming pools		20	21
– Other open space/recreational assets		41	41
Other assets:			
– Library books		16	15
– Other		–	1
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	2	1
– Quarry assets	C3-5,C1-7	2	2
Total gross depreciation and amortisation costs		5,016	5,208
Total depreciation and amortisation costs		5,016	5,208
Total depreciation, amortisation and impairment for non-financial assets		5,016	5,208

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	2022	2021
Other		

B3-5 Other expenses (continued)

\$ '000	2022	2021
Contributions/levies to other levels of government	79	–
– Emergency services levy (includes FRNSW, SES, and RFS levies)	8	11
– NSW fire brigade levy	19	21
– NSW rural fire service levy	319	438
– Upper Macquarie County Council	138	126
– Other contributions/levies	24	–
Donations, contributions and assistance to other organisations (Section 356)	44	47
Total other	631	643
Total other expenses	631	643

Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	2022	2021
Gain (or loss) on disposal of plant and equipment		
Proceeds from disposal – plant and equipment	–	195
Less: carrying amount of plant and equipment assets sold/written off	(3)	(136)
Gain (or loss) on disposal	(3)	59
Gain (or loss) on disposal of investments		
Proceeds from disposal/redemptions/maturities – investments	17,300	15,000
Less: carrying amount of investments sold/redeemed/matured	(17,300)	(15,000)
Gain (or loss) on disposal	–	–
Building Specialised		
Less: carrying amount of Building Specialised-sold/written off	(168)	(60)
Gain (or loss) on disposal	(168)	(60)
Other Structures		
Proceeds from disposal – Other structures	–	–
Less: carrying amount of Other structure-sold/written off	(106)	(10)
Gain (or loss) on disposal	(106)	(10)
Roads		
Proceeds from disposal – Roads	–	–
Less: carrying amount of Roads sold/written off	(3,260)	(674)
Gain (or loss) on disposal	(3,260)	(674)
Water supply network		
Proceeds from disposal – Water supply network	–	–
Less: carrying amount of Water supply network- sold/written off	(38)	(44)
Gain (or loss) on disposal	(38)	(44)
Net gain (or loss) from disposal of assets	(3,575)	(729)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 15/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
User charges and fees	4,462	5,572	1,110	25% F
Budgeting for Water Consumption, Industrial Waste disposal at tip, and Sewer Usage can be quite difficult to budget for and this year has seen a significant increase in usage. The RMCC with Transport NSW for the O'Connell and Duckmaloi Roads saw increased works required, which in turn resulted in increased income being provided back to reimburse Council expenditure.				
Other revenues	419	656	237	57% F
Council received a larger amount of Legal Fees recovery during the year along with a new State Waste Rebate coming into existence.				
Operating grants and contributions	4,716	6,558	1,842	39% F
Council received a significantly larger bulk upfront FAGs payment for the 2022-23 Financial Year we is required to be receipted as income in the 2021-22 Financial Year. There was also a disaster claim entitlement and a contribution from Forestry for gravel that were unknown about at time of budgeting.				
Interest and investment revenue	216	157	(59)	(27)% U
Due to the RBA interest rates Council has been required to place term deposits with lower interest returns than anticipated at time of budget creation, as there were no significant options.				
Net gains from disposal of assets	942	-	(942)	(100)% U
Council had anticipated Industrial Lands sales to occur at the back end of the 2021-22 Financial Year. Unfortunately, the status of the contracts were not in a position to enable the income to be declared in the 2021-22 Financial Year and the income will therefore, be included in 2022-23 Financial Year.				
Other income	-	424	424	∞ F
The budget for some of these items was incorrectly allocated to Other Revenues. The remainder is caused by the accounting treatment of the contract to run the Oberon Fitness and Aquatic Centre.				
Expenses				
Employee benefits and on-costs	5,003	6,536	(1,533)	(31)% U
Wet weather increased the requirements for road maintenance including items such as pothole patching and grader works. As such Council redirected staff from capital works into operational works to complete the tasks. There was also a need to engage contractors to assist in these repairs to ensure jobs could be completed concurrently.				
Materials and services	5,713	8,983	(3,270)	(57)% U
Please see comment for Employee benefits as it also relates to Materials and services. Other matters included water line cleaning which was not originally budgeted for and funded from reserves. Council also incurred additional licensing fees due to IT upgrades and cyber security requirements, these were not foeseen and included at budget time.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Borrowing costs	89	172	(83)	(93)% U
At the time of the original budget the STP loan for \$3million did not have its interest expenses included.				
Net losses from disposal of assets	-	3,575	(3,575)	∞ U
Capital works on roads require the old roads to be written off at nil value. This has caused the unbudgeted figure in the net losses for disposal of assets, as it is often hard to obtain the amount of disposal until the capital works have been completed.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	1,575	3,116
Cash equivalent assets		
– Deposits at call	2,015	5,423
Total cash and cash equivalents	3,590	8,539

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	3,590	8,539
Balance as per the Statement of Cash Flows	3,590	8,539

Accounting policy

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

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Long term deposits	20,750	–	17,300	–
Total	20,750	–	17,300	–
Total financial investments	20,750	–	17,300	–
Total cash assets, cash equivalents and investments	24,340	–	25,839	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

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

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

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

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	24,340	25,839
Less: Externally restricted cash, cash equivalents and investments	<u>(20,977)</u>	<u>(15,327)</u>
Cash, cash equivalents and investments not subject to external restrictions	3,363	10,512
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>3,748</u>	3,065
External restrictions – included in liabilities	3,748	3,065
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	2,270	1,855
Developer contributions – water fund	251	176
Developer contributions – sewer fund	739	434
Water fund	3,043	2,629
Sewer fund	8,070	4,748
Town improvements	1,404	1,315
Domestic waste management	<u>1,452</u>	<u>1,105</u>
External restrictions – other	17,229	12,262
Total external restrictions	20,977	15,327

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

\$ '000	2022	2021
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	–	411
Employees leave entitlement	804	881
Cemetery Upgrades	–	10
Community grants	–	1,180
Election	–	46
Engineering instruments	–	6
Financial Assistance Grant	2,466	1,466
Finance	–	330
Garbage depot	–	850
Gravel pits	–	150
Land development	–	492
Library	–	225
Office equipment	–	29
Rail crossings update	–	38
Residential dwellings	–	100
Works construction	–	328
Independent Living Units	–	25
Swimming pool	–	30
Tourism	–	20

continued on next page ...

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

\$ '000	2022	2021
Bank loan- Unused	-	3,000
Council Contribution Projects	-	-
Total internal allocations	3,270	9,617

Internal restrictions over cash, cash equivalents and investments are those assets restricted by resolution of Council.

C1-4 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	454	–	485	–
Interest and extra charges	1	–	42	–
User charges and fees	1,923	–	1,101	–
Private works	17	–	13	–
Accrued revenues				
– Interest on investments	74	–	107	–
– Other income accruals	559	–	231	–
Net GST receivable	357	–	197	–
Total	3,385	–	2,176	–
Less: provision for impairment				
Other debtors	(6)	–	(101)	–
Total provision for impairment – receivables	(6)	–	(101)	–
Total net receivables	3,379	–	2,075	–

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	101	2
+ new provisions recognised during the year	(95)	99
Balance at the end of the year	6	101

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

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

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

C1-4 Receivables (continued)

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Inventories at cost				
Real estate for resale	513	–	513	–
Stores and materials	335	–	340	–
Trading stock	14	–	12	–
Total inventories at cost	862	–	865	–
Total inventories	862	–	865	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	2,248	-	1,584	-
Total contract assets and contract cost assets	2,248	-	1,584	-

Contract assets

Other	2,248	-	1,584	-
Total contract assets	2,248	-	1,584	-

Significant changes in contract assets

Contract Assets disclosed relate to work completed for the following: Fixing Local Roads 1, Fixing Local Roads 2, National Disaster claim for a snow and storm event, and completion of the RFS Shed at Jenolan Caves.

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	5,407	–	5,407	–	3,016	–	–	(4,286)	–	–	–	4,137	–	4,137
Plant and equipment	12,023	(6,865)	5,158	–	52	(76)	(794)	–	–	–	–	11,683	(7,343)	4,340
Office equipment	324	(289)	35	–	–	–	(7)	–	–	–	–	324	(296)	28
Furniture and fittings	462	(266)	196	–	7	–	(26)	–	–	–	–	469	(292)	177
Land:														
– Operational land	7,077	–	7,077	–	–	–	–	–	–	–	1,309	8,386	–	8,386
– Community land	11,459	–	11,459	–	–	–	–	–	–	–	2,120	13,579	–	13,579
– Land under roads (post 30/6/08)	8,008	–	8,008	–	–	–	–	–	–	–	1,481	9,489	–	9,489
Land improvements – non-depreciable	80	–	80	–	–	–	–	–	–	–	–	80	–	80
Land improvements – depreciable	1,018	(974)	44	–	–	–	(14)	–	–	–	–	1,018	(988)	30
Infrastructure:														
– Buildings – non-specialised	484	(24)	460	–	–	–	(10)	–	–	–	45	531	(36)	495
– Buildings – specialised	24,003	(10,409)	13,594	1,075	–	(168)	(570)	446	–	–	1,435	27,730	(11,918)	15,812
– Other structures	4,627	(1,036)	3,591	–	164	–	(91)	–	–	–	73	4,909	(1,172)	3,737
– Roads	181,458	(40,506)	140,952	7,443	–	(3,260)	(2,696)	3,773	(98)	–	4,978	192,982	(41,890)	151,092
– Bridges	10,217	(2,654)	7,563	–	–	–	(116)	–	–	–	311	10,642	(2,884)	7,758
– Footpaths	3,846	(766)	3,080	–	73	–	(36)	65	–	–	125	4,140	(833)	3,307
– Bulk earthworks (non-depreciable)	34,050	–	34,050	–	–	–	–	–	–	–	1,168	35,218	–	35,218
– Stormwater drainage	10,849	(3,792)	7,057	–	–	–	(121)	–	–	–	590	11,771	(4,245)	7,526
– Water supply network	14,392	(5,804)	8,588	86	–	(38)	(288)	–	–	–	1,140	16,922	(7,434)	9,488
– Sewerage network	21,304	(12,856)	8,448	–	4	–	(166)	–	–	(38)	–	22,489	(14,241)	8,248
– Swimming pools	1,049	(273)	776	146	–	(106)	(20)	–	–	–	79	1,154	(279)	875
– Other open space/recreational assets	1,556	(505)	1,051	–	29	–	(41)	2	(1)	–	20	1,638	(578)	1,060
Other assets:														
– Library books	408	(357)	51	–	32	–	(16)	–	–	–	–	440	(373)	67
– Other- mobile waste bins	76	(66)	10	–	3	–	–	–	–	–	–	81	(68)	13
Reinstatement, rehabilitation and restoration assets (refer Note 14):														
– Tip assets	28	(13)	15	–	–	–	(2)	–	–	–	–	27	(14)	13
– Quarry assets	59	(25)	34	–	–	–	(2)	–	–	–	–	59	(27)	32
Total infrastructure, property, plant and equipment	354,264	(87,480)	266,784	8,750	3,380	(3,648)	(5,016)	–	(99)	(38)	14,874	379,898	(94,911)	284,987

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	1,992	–	1,992	4,570	–	–	–	(1,239)	84	–	–	5,407	–	5,407
Plant and equipment	12,470	(6,966)	5,504	–	730	(136)	(940)	–	–	–	–	12,023	(6,865)	5,158
Office equipment	325	(283)	42	–	–	–	(7)	–	–	–	–	324	(289)	35
Furniture and fittings	265	(244)	21	–	14	–	(23)	184	–	–	–	462	(266)	196
Land:														
– Operational land	5,422	–	5,422	–	–	–	–	–	(12)	–	1,667	7,077	–	7,077
– Community land	8,477	–	8,477	–	–	–	–	–	–	–	2,982	11,459	–	11,459
– Land under roads (post 30/6/08)	8,008	–	8,008	–	–	–	–	–	–	–	–	8,008	–	8,008
Land improvements – non-depreciable	80	–	80	–	–	–	–	–	–	–	–	80	–	80
Land improvements – depreciable	1,019	(933)	86	–	–	–	(42)	–	–	–	–	1,018	(974)	44
Infrastructure:														
– Buildings – non-specialised	484	(15)	469	–	–	–	(9)	–	–	–	–	484	(24)	460
– Buildings – specialised	22,081	(9,929)	12,152	–	950	(60)	(503)	1,055	–	–	–	24,003	(10,409)	13,594
– Other structures	4,004	(835)	3,169	–	127	(10)	(90)	–	–	–	395	4,627	(1,036)	3,591
– Roads	180,351	(38,111)	142,240	3,425	–	(674)	(2,659)	–	(84)	(1,296)	–	181,458	(40,506)	140,952
– Bridges	10,215	(2,536)	7,679	–	–	–	(116)	–	–	–	–	10,217	(2,654)	7,563
– Footpaths	3,542	(776)	2,766	–	347	–	(33)	–	–	–	–	3,846	(766)	3,080
– Bulk earthworks (non-depreciable)	34,050	–	34,050	–	–	–	–	–	–	–	–	34,050	–	34,050
– Stormwater drainage	10,931	(3,873)	7,058	–	–	–	(119)	–	–	–	118	10,849	(3,792)	7,057
– Water supply network	14,008	(5,544)	8,464	–	373	(44)	(281)	–	–	–	76	14,392	(5,804)	8,588
– Sewerage network	21,110	(12,436)	8,674	–	–	–	(305)	–	–	–	79	21,304	(12,856)	8,448
– Swimming pools	1,050	(253)	797	–	–	–	(21)	–	–	–	–	1,049	(273)	776
– Other open space/recreational assets	1,296	(380)	916	–	–	–	(41)	–	–	–	176	1,556	(505)	1,051
Other assets:														
– Library books	393	(342)	51	–	15	–	(15)	–	–	–	–	408	(357)	51
– Other	71	(66)	5	–	6	–	(1)	–	–	–	–	76	(66)	10
Reinstatement, rehabilitation and restoration assets (refer Note 14):														
– Tip assets	28	(12)	16	–	–	–	(1)	–	–	–	–	28	(13)	15
– Quarry assets	58	(22)	36	–	–	–	(2)	–	–	–	–	59	(25)	34
Total infrastructure, property, plant and equipment	341,730	(83,556)	258,174	7,995	2,562	(924)	(5,208)	–	(12)	(1,296)	5,493	354,264	(87,480)	266,784

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

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

Accounting policy

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

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

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

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

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

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

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

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

Land under roads

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

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

Crown reserves

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

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

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

Rural Fire Service assets

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

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

C1-8 Other

Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	632	-	82	-
Total other assets	632	-	82	-

C2 Leasing activities

C2-1 Council as a lessee

Council holds no leases over land and buildings, motor vehicles and machinery, it does however have leases on office equipment such as photo copiers and desk phones. Council has reviewed its waste management agreement to determine the need to recognise a right of use liability. After considering all aspect of accounting standard, Council view is that office equipments and Waste agreement fall outside the bounds of AASB 16.

(a) Income Statement

\$ '000	2022	2021
Expenses relating to short-term leases	37	65
	37	65

(b) Statement of Cash Flows

Total cash outflow for leases	37	65
	37	65

C2-2 Council as a lessor

Operating leases

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

\$ '000	2022	2021
Lease income	424	448
Total income relating to operating leases for Council assets	424	448

Amount of IPPE leased out by Council under operating leases

Motor Vehicles	237	263
Total amount of IPPE leased out by Council under operating leases	237	263

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	1,122	–	513	–
Prepaid rates	199	–	152	–
Accrued expenses:				
– Interest	19	–	24	–
– Salaries and wages	89	–	88	–
– Salary RDO accruals	115	–	75	–
– Workers Compensation on ELE's	52	–	36	–
– Other expenditure accruals	164	–	88	–
Advances	–	192	–	–
Security bonds, deposits and retentions	64	–	43	–
Total payables	1,824	192	1,019	–

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2022		2021	
		Current	Non-current	Current Restated	Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,748	–	5,234	–
Total grants received in advance		3,748	–	5,234	–
Total contract liabilities		3,748	–	5,234	–

Notes

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

Revenue recognised (during the financial year) from opening contract liability balances

\$ '000	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	4,601	947
Total revenue recognised that was included in the contract liability balance at the beginning of the period	4,601	947

Significant changes in contract liabilities

The decreased in contract liabilities is primarily due to grants in the scope of AASB 15 and capital grants revenue being able to be recognised.

C3-2 Contract Liabilities (continued)

Accounting policy

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

C3-3 Borrowings

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured ¹	668	3,992	642	4,660
Total borrowings	668	3,992	642	4,660

(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.

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	5,302	(642)	–	–	–	–	4,660
Total liabilities from financing activities	5,302	(642)	–	–	–	–	4,660

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,806	(504)	3,000	–	–	–	5,302
Total liabilities from financing activities	2,806	(504)	3,000	–	–	–	5,302

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	16	16
Total financing arrangements	516	516
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	16	16
Total undrawn financing arrangements	516	516

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

Accounting policy

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

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

C3-3 Borrowings (continued)

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

C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	577	–	522	–
Long service leave	781	33	755	31
Superannuation	72	1	65	1
Total employee benefit provisions	1,430	34	1,342	32

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	784	757
	784	757

Accounting policy

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods. These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

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

C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
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C3-5 Provisions (continued)

\$ '000	2022	2022	2021	2021
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	304	–	295
Sub-total – asset remediation/restoration	–	304	–	295
Total provisions	–	304	–	295

\$ '000	Other provisions	
	Asset remediation	Total
2022		
At beginning of year	295	295
Add- Unwinding of discount	9	9
Total other provisions at end of year	304	304
2021		
At beginning of year	291	291
Add- Unwinding of discount	4	4
Total other provisions at end of year	295	295

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 any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	5,133	509	818
User charges and fees	3,491	1,593	488
Interest and investment revenue	96	20	41
Other revenues	656	–	–
Grants and contributions provided for operating purposes	6,558	–	–
Grants and contributions provided for capital purposes	10,115	65	321
Other income	424	–	–
Total income from continuing operations	26,473	2,187	1,668
Expenses from continuing operations			
Employee benefits and on-costs	5,960	274	302
Materials and services	8,007	622	354
Borrowing costs	92	–	80
Depreciation, amortisation and impairment of non-financial assets	4,526	310	180
Other expenses	15	605	11
Net losses from the disposal of assets	3,537	38	–
Total expenses from continuing operations	22,137	1,849	927
Operating result from continuing operations	4,336	338	741
Net operating result for the year	4,336	338	741
Net operating result attributable to each council fund	4,336	338	741
Net operating result for the year before grants and contributions provided for capital purposes	(5,779)	273	420

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	(4,013)	3,294	4,309
Investments	16,250	–	4,500
Receivables	2,700	389	290
Inventories	862	–	–
Contract assets and contract cost assets	2,248	–	–
Other	632	–	–
Total current assets	18,679	3,683	9,099
Non-current assets			
Infrastructure, property, plant and equipment	266,375	9,971	8,641
WIP	–	35	835
Total non-current assets	266,375	10,006	9,476
Total assets	285,054	13,689	18,575
LIABILITIES			
Current liabilities			
Payables	1,816	7	1
Contract liabilities	3,748	–	–
Borrowings	550	–	118
Employee benefit provision	1,374	28	28
Total current liabilities	7,488	35	147
Non-current liabilities			
Payables	192	–	–
Borrowings	1,225	–	2,767
Employee benefit provision	34	–	–
Provisions	304	–	–
Total non-current liabilities	1,755	–	2,767
Total liabilities	9,243	35	2,914
Net assets	275,811	13,654	15,661
EQUITY			
Accumulated surplus	137,188	7,975	9,182
Revaluation reserves	137,753	5,679	6,479
Council equity interest	274,941	13,654	15,661
Total equity	274,941	13,654	15,661

D2 Interests in other entities

D2-1 Interests in associates

(a) The nature and extent of significant restrictions relating to associates

Council is a member of the Upper Macquarie County Council (which is a body incorporated under the Local Government Act):

The County Council is a noxious weeds control authority.

Council is of the opinion that at 25% it has influence over the County Council and has deemed it as an Associate. This disclosure note is based on the audited 2021-22 financial statements for Upper Macquarie County Council.

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

(b) Summarised financial information for individually immaterial associates

\$ '000	2022	2021
Individually immaterial associates		
Aggregate carrying amount of individually immaterial Associate	296	292
Aggregate amounts of Council's share of individually immaterial:		
Profit/(loss) from continuing operations	5	34
Total comprehensive income – individually immaterial associates	5	34

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

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

The risks associated with the financial instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
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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	27	26
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(b) Credit risk

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

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

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions given the nature of Council activities.

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2022				
Gross carrying amount	299	72	83	454
2021				
Gross carrying amount	330	89	66	485

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

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	4,724	62	3	10	380	5,179
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	1.60%	0.12%
ECL provision	-	-	-	-	6	6
2021						
Gross carrying amount	2,026	650	47	265	287	3,275
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	35.30%	3.09%
ECL provision	-	-	-	-	101	101

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	64	1,561	-	-	1,625	2,016
Borrowings	0.00%	-	810	2,063	2,725	5,598	4,660
Total financial liabilities		64	2,371	2,063	2,725	7,223	6,676
2021							
Payables	0.00%	43	824	-	-	867	1,019
Borrowings	3.33%	-	642	2,274	2,386	5,302	5,302
Total financial liabilities		43	1,466	2,274	2,386	6,169	6,321

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

\$ '000	Notes	Fair value measurement hierarchy						Total	
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2022	2021
		2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-7									
Plant and equipment		–	–	–	–	4,340	5,158	4,340	5,158
Office equipment		–	–	–	–	28	35	28	35
Furniture and fittings		–	–	–	–	177	196	177	196
Operational land		–	–	–	–	8,386	7,077	8,386	7,077
Community land		–	–	–	–	13,579	11,459	13,579	11,459
Land improvements		–	–	–	–	110	124	110	124
Buildings		–	–	–	–	16,307	14,054	16,307	14,054
Other structures		–	–	–	–	3,737	3,591	3,737	3,591
Land under roads		–	–	–	–	9,489	8,008	9,489	8,008
Bulk earth works		–	–	–	–	35,218	34,050	35,218	34,050
Roads		–	–	–	–	151,092	140,952	151,092	140,952
Bridges		–	–	–	–	7,758	7,563	7,758	7,563
Footpaths		–	–	–	–	3,307	3,080	3,307	3,080
Stormwater drainage		–	–	–	–	7,526	7,057	7,526	7,057
Water supply network		–	–	–	–	9,488	8,588	9,488	8,588
Sewerage network		–	–	–	–	8,248	8,448	8,248	8,448
Swimming pools		–	–	–	–	875	776	875	776
Open space/recreation assets		–	–	–	–	1,060	1,051	1,060	1,051
Library books and other		–	–	–	–	67	51	67	51
Gravel pits		–	–	–	–	32	34	32	34
Garbage tips		–	–	–	–	13	15	13	15
Other-mobile waste bins		–	–	–	–	13	10	13	10
Total infrastructure, property, plant and equipment		–	–	–	–	280,850	261,377	280,850	261,377

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and Equipment – Major plant (graders, loaders trucks etc.), fleet vehicles (cars, utes etc.) and minor plant (chainsaws, mowers etc.)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Office Equipment – Computers, printers etc

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Furniture and Fittings – Desks, chairs, air conditioners, etc

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Operational Land – Industrial land, quarries, residential aged care units

E2-1 Fair value measurement (continued)

Valuation Techniques: 'Market approach' Inputs Used (Level 3): Land area, rate per square metre, zoning restrictions, geographical location, sales of comparable land

Council properties zoned for residential, commercial, or industrial use have been valued by reference to the analysed sale of other privately owned sites, with similar zonings, that have sold on the open market. This is called the Direct Comparison Method. When assessing the value of each of the subject sites, consideration has been given to the size, shape, location, and exposure of that particular site. After analysing open market transactions, a "\$ per square metre/per hectare" has been applied to the area of the site in question. Hence a council owned industrial land has been simply valued as industrial land if owned by a private proprietor.

In June 2022, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Community Land – Parkland, sporting grounds, reserves, land under public buildings (halls & community centres)

Valuation Techniques: 'Market approach adjusted for restrictions'

Inputs Used (Level 3): The NSW Valuer General's valuations (as at 30 June 2022).

Council's community land is land intended for public access and use, or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, or dedication under section 94 of the Environmental Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community land:

- Cannot be sold
- Cannot be leased, licenced, or any other estate granted over the land for more than 21 years
- Must have a plan of management

In relation to the valuing of Community Land the Office of Local Government has authorised the use of the NSW Valuer General's valuations as a sufficient basis to represent fair value for the revaluation of community land under clause 31 of AASB 116.

In June 2022, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Depreciable Land Improvements

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, purchase price, useful lives

Buildings (Specialised/Non Specialised) – Community halls, toilet blocks, council offices, library, works depot

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

Council's buildings were valued at fair value on 30th June 2018 in accordance with Compiled Accounting Standard AASB116 Property, Plant and Equipment.

Councils buildings were valued by APV Valuers & Asset Management (APV). APV valuations were calculated by determining the Gross Current Replacement Cost and determining the amount of accumulated depreciation to reflect the level of service potential remaining in the asset. Assessed on the basis of replacement with a new asset having similar service potential and includes allowances for preliminaries and professional fees.

In June 2022, Council has undertaken a fair value assessment to index this asset class to ensure the value approximates the fair value.

Roads – Road surface, pavement, formation, major earthworks

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life/remaining life, asset condition, length

Councils road infrastructure assets were last valued in 2020.

Councils roads infrastructure assets were segmented and componentised into the following categories (each representing a significant part of the overall asset):

- Road Surface
- Pavement
- Formation & Major Earthworks
- Kerb and Gutter

E2-1 Fair value measurement (continued)

GPS logged to establish the length and extent of the network. Road terminuses (extent of Council maintenance activities) were taken as the measure of OC asset length.

Seal widths (sealed roads) were taken from full condition assessment (undertaken by IMG Data and OC staff).

The pavement width of each segment was an additional 1m on each side of the Seal (e.g. Seal of 6 m was measured to have an 8m wide pavement).

Unit rates for formation, pavement and sealing were based on the Rawlinson's; Construction Cost Guide 2015, Edition 18. These rates were verified against recent actual rates from OC road works. Unit rates are assumed to be for an undulating topography, as this represents the majority of road corridors in the Shire. The slightly steeper grades are assumed to be countered by the substantially longer corridors of flat to slightly undulating topography.

Formation widths for sealed roads was assumed to be an additional 1m on each side of pavement width.

Kerb and Gutter

Unit rates for Kerb and Gutter are all based on average cost of previous works.

In June 2022, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Bridges

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimension and specifications (concrete/timber), bridge traffic

Councils bridge infrastructure assets were last valued on 30 June 2020.

Condition assessment for bridges was provided by Assetic Pty Ltd, valuation was based on observed defects, but does not include core sampling or tensile testing of any components.

Bridge values were determined on the basis of a square metre (of deck) rate. This was in part because council does not possess sufficient detail on the individual components of individual bridges, or their respective conditions.

In June 2022, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Footpaths – Footways including cycleways

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications (concrete/bitumen)

Footpaths assets were valued Assetic Pty Limited as at 30 June 2020. Aerial imagery was used to calculate the length of Councils footpath/cycleway network combined with an extensive inspection program. In-house unit rates were developed using recent construction data providing a square metre rate which was then applied across the network.

Condition data (captured through the inspection program) was then applied to each individual asset segment to provide a written down value.

In June 2022, Council has undertaken a fair value assessment to index this asset class to ensure the carrying values approximates the fair value.

Stormwater Drainage – includes pits, pipes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

The stormwater drainage register was developed in 2017 and was considered to be 85-95% complete given the nature of the asset class. A valuation was completed by Assetic Pty as at 30 June 2021 to ensure unit rates were current and that recent capital works were reflected in individual asset remaining useful life and fair value.

In June 2022, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Sewerage Network – Sewer pipes, pump stations, treatment plant, telemetry system, manholes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Councils Sewer Network was valued through the asset management company Assetic Pty Ltd as at 30 June 2022. The valuation was based on the NSW Office of Water's NSW Reference Rates Tables along with the data source Rawlinson's Construction Handbook 2020. Valuations in the updated tables are for June 2022.

E2-1 Fair value measurement (continued)

In June 2022, Council has undertaken a fair value assessment to index this asset class to ensure the carrying values approximates the fair value.

Water Supply Network - Water mains, Water Equipment

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specification

Council's Water Supply Network was valued through the asset management company Assetic Pty Ltd as at 30 June 2022. The valuation was based on the NSW Office of Water's NSW Reference Rates Tables along with the data source Rawlinson's Construction Handbook 2020. Valuations in the updated tables are for June 2022.

In June 2022, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Tip and Quarry Assets – Reinstatement, rehabilitation and restoration

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational Land		Community Land		Land improvements		Buildings	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	5,158	5,505	35	40	196	21	7,077	5,422	11,458	8,476	124	166	14,054	12,624
Total gains or losses for the period														
Other movements														
Purchases (GBV)	52	729	–	–	7	198	–	–	–	–	–	–	1,521	2,002
Disposals (WDV)	(76)	(136)	–	–	–	–	–	(12)	–	–	–	–	(168)	(60)
Depreciation and impairment	(794)	(940)	(7)	(5)	(26)	(23)	–	–	–	–	(14)	(42)	(580)	(512)
FV Adjustments to Equity	–	–	–	–	–	–	1,309	1,667	2,121	2,982	–	–	1,480	–
Closing balance	4,340	5,158	28	35	177	196	8,386	7,077	13,579	11,458	110	124	16,307	14,054

E2-1 Fair value measurement (continued)

\$ '000	Other structures		Land under roads		Bulk earthworks		Roads		Bridges		Footpaths		Street furniture	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	3,591	3,170	8,008	8,008	34,050	34,050	136,832	138,119	7,563	7,680	3,080	2,766	2,686	2,686
Total gains or losses for the period														
Other movements														
Purchases (GBV)	164	126	–	–	–	–	11,099	3,426	–	–	138	347	–	–
Disposals (WDV)	–	(10)	–	–	–	–	(3,260)	(758)	–	–	–	–	–	–
Depreciation and impairment	(91)	(90)	–	–	–	–	(2,483)	(3,955)	(116)	(117)	(36)	(33)	(181)	–
FV Adjustments to Equity	73	395	1,481	–	1,168	–	4,780	–	311	–	125	–	46	–
Closing balance	3,737	3,591	9,489	8,008	35,218	34,050	146,968	136,832	7,758	7,563	3,307	3,080	2,551	2,686

E2-1 Fair value measurement (continued)

\$ '000	Kerb and gutter		Stormwater drainage		Water supply network		Sewerage network		Swimming pools		Open space/ recreation assets		Other assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	1,434	1,434	7,057	7,058	8,588	8,464	8,448	8,673	776	796	1,051	916	61	56
Total gains or losses for the period														
Other movements														
Purchases (GBV)	117	–	–	–	86	373	4	–	146	–	30	–	35	21
Disposals (WDV)	–	–	–	–	(38)	(44)	–	–	(106)	–	–	–	–	–
Depreciation and impairment	(32)	–	(121)	(119)	(288)	(281)	(166)	(304)	(20)	(20)	(41)	(41)	(16)	(16)
FV Adjustments to Equity	54	–	590	118	1,140	76	(38)	79	79	–	20	176	–	–
Closing balance	1,573	1,434	7,526	7,057	9,488	8,588	8,248	8,448	875	776	1,060	1,051	80	61

E2-1 Fair value measurement (continued)

\$ '000	Tip		Quarry		Total	
	2022	2021	2022	2021	2022	2021
Opening balance	15	15	34	37	261,376	256,182
Purchases (GBV)	–	–	–	–	13,399	7,222
Disposals (WDV)	–	–	–	–	(3,648)	(1,020)
Depreciation and impairment	(2)	–	(2)	(3)	(5,016)	(6,501)
FV Adjustments to Equity	–	–	–	–	14,739	5,493
Closing balance	13	15	32	34	280,850	261,376

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 to 31 December 2021, followed by \$20 million per annum thereafter, 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.

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 \$48,419.38. The last valuation of the Scheme was undertaken by the fund actuary Mr Richard Boyfield, FIAA on 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$37,972.08.

E3-1 Contingencies (continued)

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

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

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

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

* Plus promotional increases

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

(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.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	1,704	1,588
Other long-term benefits	490	151
Termination benefits	35	–
Total	2,229	1,739

Other transactions with KMP and their related parties

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

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	25	25
Councillors' fees	102	105
Other Councillors' expenses (including Mayor)	23	10
Total	150	140

F2 Other relationships

F2-1 Audit fees

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

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements	43	38
Remuneration for audit and other assurance services	43	38
Total Auditor-General remuneration	43	38
Total audit fees	43	38

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
Net operating result from Income Statement	5,415	6,831
Add / (less) non-cash items:		
Depreciation and amortisation	5,016	5,208
(Gain) / loss on disposal of assets	3,575	729
Non-cash capital grants and contributions	(50)	-
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,209)	(60)
Increase / (decrease) in provision for impairment of receivables	(95)	99
(Increase) / decrease of inventories	3	25
(Increase) / decrease of other current assets	(550)	384
(Increase) / decrease of contract asset	(664)	(1,579)
Increase / (decrease) in payables	609	343
Increase / (decrease) in other accrued expenses payable	77	(162)
Increase / (decrease) in other liabilities	311	(11)
Increase / (decrease) in contract liabilities	(1,486)	2,119
Increase / (decrease) in employee benefit provision	90	(92)

G1-1 Statement of Cash Flows information (continued)

\$ '000	2022	2021
Increase / (decrease) in other provisions	9	4
Net cash flows from operating activities	11,051	13,838

(b) Net cash flows attributable to discontinued operations

Please refer to Note D3-1 for details of cash flows that relate to discontinued operations

G2-1 Commitments

Capital commitments (exclusive of GST)

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

Property, plant and equipment

Sewerage and water infrastructure	–	1
Buildings	3,483	–
Other	–	64
Road infrastructure	4,130	142
Total commitments	7,613	207

These expenditures are payable as follows:

Within the next year	5,291	207
Later than one year and not later than 5 years	2,322	–
Later than 5 years	–	–
Total payable	7,613	207

Sources for funding of capital commitments:

Future rates and annual charges	1,242	207
Future grants and contributions	3,830	–
Unexpended grants	2,541	–
Total sources of funding	7,613	207

Details of capital commitments

Buildings:

- Community Hub - Various Grants and possible internal or loan funding for the balance
 - Project has contract signed and works commencing

Roads:

- Arkstone Rd - Fixing Local Roads R3
 - Project has a funding deed and 70% Grant has been received for the project to take place
- Mozart Rd - Roads to Recovery Funding
 - Project has been started and is due for completion early 2022/23 FY
- Bald Ridge Rd Bridge - Fixing Country Bridges
 - Project has been started and is due for completion early 2022/23 FY
- Swallows Nest Rd Bridge - Fixing Country Bridges
 - Project has been started and is due for completion early 2022/23 FY

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

Council has reviewed their prior year data and has found a material misclassification of grant income for capital purposes. It was deemed this money was in fact not yet earned at 30 June, 2021 and should have been placed as a contract liability and not as grant income.

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
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Adjustments to the comparative figures for the year ended 30 June 2021

Statement of Financial Position

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
ASSETS			
Total current assets	30,445	–	30,445
Total non-current assets	266,784	–	266,784
Total assets	297,229	–	297,229
LIABILITIES			
Contract liabilities	3,066	2,168	5,234
Total current liabilities	6,069	2,168	8,237
Total non-current liabilities	4,987	–	4,987
Total liabilities	11,056	2,168	13,224
Net assets	286,173	(2,168)	284,005
EQUITY			
Accumulated surplus	151,098	(2,168)	148,930
Total equity	286,173	(2,168)	284,005

Income Statement

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Income from continuing operations			
Grants and contributions provided for capital purposes	8,933	(2,168)	6,765
Total income from continuing operations	28,475	(2,168)	26,307
Expenses from continuing operations			
Total expenses from continuing operations	19,476	–	19,476
Net operating result for the year	8,999	(2,168)	6,831

Statement of Comprehensive Income

G4-1 Correction of errors (continued)

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Net operating result for the year	8,999	(2,168)	6,831
Other comprehensive income	4,197	–	4,197
Total comprehensive income for the year	13,196	(2,168)	11,028

G5 Statement of developer contributions as at 30 June 2022

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowing to/(from)	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	128	21	–	1	–	–	150	–
Roads	909	256	–	5	(33)	–	1,137	–
Open space	45	16	–	–	–	–	61	–
Community facilities	45	16	–	–	1	–	62	–
Emergency services	175	18	–	1	–	–	194	–
S7.11 contributions – under a plan	1,302	327	–	7	(32)	–	1,604	–
Total S7.11 and S7.12 revenue under plans	1,302	327	–	7	(32)	–	1,604	–
S7.11 not under plans	554	112	–	3	–	–	669	–
S64 contributions	609	375	–	3	–	–	987	–
Total contributions	2,465	814	–	13	(32)	–	3,260	–

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

G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowing to/(from)	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER 1 – URBAN DEVELOPMENT								
Drainage	128	21	–	1	–	–	150	–
Roads	379	86	–	2	–	–	467	–
Open space	25	7	–	–	–	–	32	–
Community facilities	25	7	–	–	–	–	32	–
Emergency services	125	8	–	1	–	–	134	–
Total	682	129	–	4	–	–	815	–
CONTRIBUTION PLAN NUMBER 2 – RURAL DEVELOPMENT								
Roads	530	170	–	3	(33)	–	670	–
Open space	20	9	–	–	–	–	29	–
Community facilities	20	9	–	–	1	–	30	–
Emergency services	50	10	–	–	–	–	60	–
Total	620	198	–	3	(32)	–	789	–

G5-3 Contributions not under plans

CONTRIBUTIONS – NOT UNDER A PLAN

Roads	554	112	–	3	–	–	669	–
Total	554	112	–	3	–	–	669	–

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(1,511)	(7.62)%	4.07%	(2.73)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	19,827				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	13,269	43.75%	47.13%	63.22%	> 60.00%
Total continuing operating revenue ¹	30,328				
3. Unrestricted current ratio					
Current assets less all external restrictions	9,805	3.32x	3.35x	4.53x	> 1.50x
Current liabilities less specific purpose liabilities	2,956				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3,677	4.52x	9.96x	5.87x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	814				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	455	6.44%	7.57%	10.12%	< 10.00%
Rates and annual charges collectable	7,066				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	24,340	17.52	22.83	13.71	> 3.00
Monthly payments from cash flow of operating and financing activities	1,390	months	months	months	months

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

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

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(13.47)%	2.46%	12.87%	6.57%	31.18%	22.67%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	37.02%	41.81%	97.03%	80.69%	80.76%	80.59%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.32x	3.35x	105.23x	94.39x	61.90x	207.38x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3.29x	8.32x	∞	∞	8.50x	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	7.93%	9.23%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	12.04 months	17.10 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 25a 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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Oberon Council

To the Councillors of Oberon Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Karen Taylor
Delegate of the Auditor-General for New South Wales

29 October 2022
SYDNEY



Oberon Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Oberon Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

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).

Oberon 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 18th October 2022.



Mark Kellam

Mayor

26 October 2022



Andrew McKibbin

Deputy Mayor

26 October 2022



Gary Wallace

General Manager

26 October 2022



Mathew Webb

Responsible Accounting Officer

26 October 2022

Oberon Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	509	479
User charges	1,593	1,222
Interest and investment income	20	4
Total income from continuing operations	2,122	1,705
Expenses from continuing operations		
Employee benefits and on-costs	274	303
Materials and services	622	278
Depreciation, amortisation and impairment	310	297
Water purchase charges	605	593
Net loss from the disposal of assets	38	44
Other expenses	-	78
Total expenses from continuing operations	1,849	1,593
Surplus (deficit) from continuing operations before capital amounts	273	112
Grants and contributions provided for capital purposes	65	408
Surplus (deficit) from continuing operations after capital amounts	338	520
Surplus (deficit) from all operations before tax	338	520
Less: corporate taxation equivalent (25%) [based on result before capital]	(68)	(29)
Surplus (deficit) after tax	270	491
Plus accumulated surplus	7,637	7,117
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	68	29
Closing accumulated surplus	7,975	7,637
Return on capital %	2.7%	1.2%
Subsidy from Council	92	23
Calculation of dividend payable:		
Surplus (deficit) after tax	270	491
Less: capital grants and contributions (excluding developer contributions)	(65)	(335)
Surplus for dividend calculation purposes	205	156
Potential dividend calculated from surplus	102	78

Oberon Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	818	772
User charges	488	412
Interest and investment income	41	20
Total income from continuing operations	1,347	1,204
Expenses from continuing operations		
Employee benefits and on-costs	302	294
Borrowing costs	80	–
Materials and services	354	233
Depreciation, amortisation and impairment	180	320
Other expenses	11	84
Total expenses from continuing operations	927	931
Surplus (deficit) from continuing operations before capital amounts	420	273
Grants and contributions provided for capital purposes	321	290
Surplus (deficit) from continuing operations after capital amounts	741	563
Surplus (deficit) from all operations before tax	741	563
Less: corporate taxation equivalent (25%) [based on result before capital]	(105)	(71)
Surplus (deficit) after tax	636	492
Plus accumulated surplus	8,441	7,878
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	105	71
Closing accumulated surplus	9,182	8,441
Return on capital %	5.8%	2.9%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	636	492
Less: capital grants and contributions (excluding developer contributions)	(321)	(124)
Surplus for dividend calculation purposes	315	368
Potential dividend calculated from surplus	158	184

Oberon Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	3,294	2,805
Receivables	389	310
Total current assets	3,683	3,115
Non-current assets		
WIP	35	–
Infrastructure, property, plant and equipment	9,971	9,060
Total non-current assets	10,006	9,060
Total assets	13,689	12,175
LIABILITIES		
Current liabilities		
Payables	7	6
Employee benefit provisions	28	26
Provisions	–	1
Total current liabilities	35	33
Total liabilities	35	33
Net assets	13,654	12,142
EQUITY		
Accumulated surplus	7,975	7,637
Revaluation reserves	5,679	4,505
Total equity	13,654	12,142

Oberon Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	4,309	3,682
Investments	4,500	1,500
Receivables	290	210
Total current assets	9,099	5,392
Non-current assets		
WIP	835	–
Infrastructure, property, plant and equipment	8,641	9,576
Total non-current assets	9,476	9,576
Total assets	18,575	14,968
LIABILITIES		
Current liabilities		
Payables	1	–
Borrowings	118	–
Employee benefit provisions	28	26
Total current liabilities	147	26
Borrowings	2,767	–
Total non-current liabilities	2,767	–
Total liabilities	2,914	26
Net assets	15,661	14,942
EQUITY		
Accumulated surplus	9,182	8,441
Revaluation reserves	6,479	6,501
Total equity	15,661	14,942

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)

None

Category 2

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

a. Oberon Council Water Supply

Comprising the whole of the water supply activities and net assets therein servicing the town of Oberon, which is established as a separate Special Rate Fund.

b. Oberon Council Sewerage Service

Comprising the whole of the sewerage reticulation & treatment activities and the net assets therein servicing the town of Oberon, which is established as a separate Special Rate Fund.

Taxation equivalent charges

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

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

Note – Significant Accounting Policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – 26% (19/20 27.5%)

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

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

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

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

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26% (19/20 27.5%).

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

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

The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Oberon Council

To the Councillors of Oberon Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Oberon 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.



Karen Taylor
Delegate of the Auditor-General for New South Wales

29 October 2022
SYDNEY



Oberon Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Oberon Council

Special Schedules

for the year ended 30 June 2022

Contents

Page

Special Schedules:

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2022 4

Oberon Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	4,697	4,842
Plus or minus adjustments ²	b	20	38
Notional general income	c = a + b	4,717	4,880
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.10%
Or plus rate peg amount	i = e x (c + g)	94	102
Sub-total	k = (c + g + h + i + j)	4,811	4,982
Plus (or minus) last year's carry forward total	l	70	1
Less valuation objections claimed in the previous year	m	-	(2)
Sub-total	n = (l + m)	70	(1)
Total permissible income	o = k + n	4,881	4,981
Less notional general income yield	p	4,842	4,984
Catch-up or (excess) result	q = o - p	39	(2)
Plus income lost due to valuation objections claimed ⁴	r	2	5
Less unused catch-up ⁵	s	(40)	-
Carry forward to next year ⁶	t = q + r + s	1	3

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)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts or the rate peg balance amounts will be deducted if they are not caught up within ten years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for when setting the rates in a future year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the 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.

Oberon Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Buildings	Council Offices/Admin	57	57	88	10	1,813	4,068	28.0%	1.0%	70.0%	1.0%	0.0%	
	Other Buildings	27	27	13	3	1,075	1,504	50.0%	32.0%	16.5%	1.5%	0.0%	
	Council Works Depot	147	147	53	5	1,149	2,656	28.0%	10.0%	56.0%	6.0%	0.0%	
	Amenities/Toilets	161	161	24	16	927	1,687	45.0%	21.0%	25.0%	3.0%	6.0%	
	Libraries	–	–	12	2	457	961	17.0%	61.0%	22.0%	0.0%	0.0%	
	Emergency Services	249	249	48	20	3,063	4,532	49.0%	27.0%	18.5%	5.5%	0.0%	
	Independent Living Units	80	80	49	31	2,026	3,184	46.0%	6.0%	45.5%	2.5%	0.0%	
	Recreational Facilities	362	362	88	9	5,836	9,713	67.0%	7.0%	22.5%	3.5%	0.0%	
Sub-total		1,083	1,083	375	96	16,346	28,305	48.6%	13.5%	34.2%	3.3%	0.4%	
Other structures	Other structures	202	202	32	414	3,749	4,918	76.0%	6.0%	14.0%	4.0%	0.0%	
	Sub-total	202	202	32	414	3,749	4,918	76.0%	6.0%	14.0%	4.0%	0.0%	
Roads	Sealed roads	3,935	3,935	807	1,200	120,815	149,057	72.0%	16.0%	8.0%	3.0%	1.0%	
	Unsealed roads	–	–	108	1,284	26,266	35,441	74.0%	23.0%	2.0%	0.0%	1.0%	
	Bridges	245	245	104	–	7,758	10,643	27.0%	63.0%	8.0%	2.0%	0.0%	
	Footpaths	–	–	1	8	3,307	4,140	97.0%	3.0%	0.0%	0.0%	0.0%	
	Bulk earthworks	–	–	–	–	35,213	35,213	100.0%	0.0%	0.0%	0.0%	0.0%	
	Kerb & Gutter	271	271	85	20	1,625	3,528	11.0%	20.0%	61.0%	0.0%	8.0%	
	Street Furniture	–	–	78	–	2,391	4,961	32.0%	24.0%	44.0%	0.0%	0.0%	
	Sub-total	4,451	4,451	1,183	2,512	197,375	242,983	73.1%	16.8%	7.3%	1.9%	0.9%	
Water supply network	Mains	2,299	2,299	123	276	4,445	7,904	42.0%	24.0%	5.0%	29.0%	0.0%	
	Reservoirs	572	572	41	2	781	1,672	0.0%	45.0%	21.0%	34.0%	0.0%	
	Treatment	929	929	95	219	3,931	6,987	29.0%	47.0%	11.0%	11.0%	2.0%	
	Other Meters	–	–	–	25	331	361	100.0%	0.0%	0.0%	0.0%	0.0%	
	Sub-total	3,800	3,800	259	522	9,488	16,924	33.7%	35.1%	9.0%	21.4%	0.8%	
Sewerage network	Sewer Treatment	6,990	6,990	396	42	482	8,533	0.0%	0.0%	18.0%	0.0%	82.0%	
	Pumping Stations	14	14	16	4	660	1,198	16.0%	60.0%	23.0%	1.0%	0.0%	
	Sewer Mains	3,847	3,847	225	48	7,104	12,757	27.0%	37.0%	6.0%	30.0%	0.0%	
	Sub-total	10,851	10,851	637	94	8,248	22,488	16.2%	24.2%	11.5%	17.1%	31.1%	

Oberon Council

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

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Stormwater drainage	Inlet and Junction Pits	–	–	10	–	1,401	1,992	51.0%	49.0%	0.0%	0.0%	0.0%
	Stormwater Pipes	190	190	118	–	6,126	9,780	33.0%	41.0%	24.0%	2.0%	0.0%
	Sub-total	190	190	128	–	7,526	11,772	36.0%	42.4%	19.9%	1.7%	0.0%
Open space / recreational assets	Swimming pools	–	–	12	9	876	1,155	0.0%	100.0%	0.0%	0.0%	0.0%
	Other Open Spaces/ Recreational	10	10	16	14	1,008	1,586	38.0%	44.0%	18.0%	0.0%	0.0%
	Sub-total	10	10	28	23	1,884	2,741	22.0%	67.6%	10.4%	0.0%	0.0%
Total – all assets		20,587	20,587	2,642	3,661	244,616	330,131	63.4%	19.1%	10.6%	4.1%	2.8%

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

Infrastructure asset condition assessment 'key'

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

Oberon Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	11,692	282.21%	142.09%	86.84%	>= 100.00%
Depreciation, amortisation and impairment	4,143				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	20,587	8.42%	8.82%	2.08%	< 2.00%
Net carrying amount of infrastructure assets	244,624				
Asset maintenance ratio					
Actual asset maintenance	3,661	138.57%	129.54%	109.46%	> 100.00%
Required asset maintenance	2,642				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	20,587	6.24%	6.69%	3.72%	
Gross replacement cost	330,131				

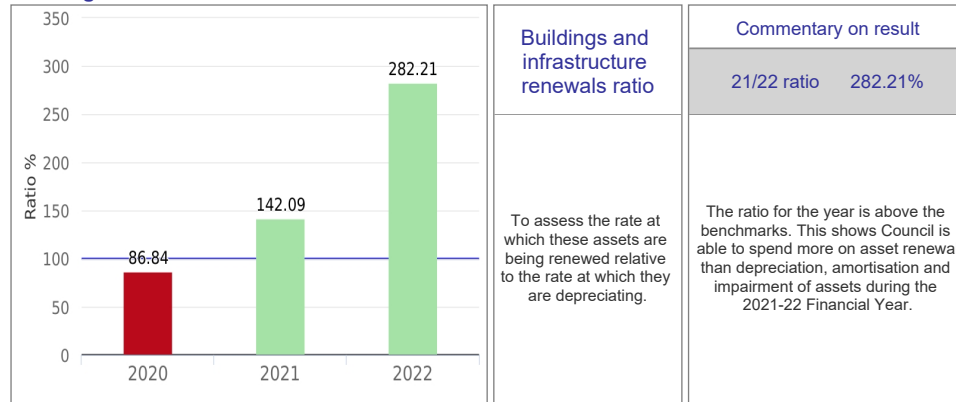
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Oberon Council

Report on infrastructure assets as at 30 June 2022

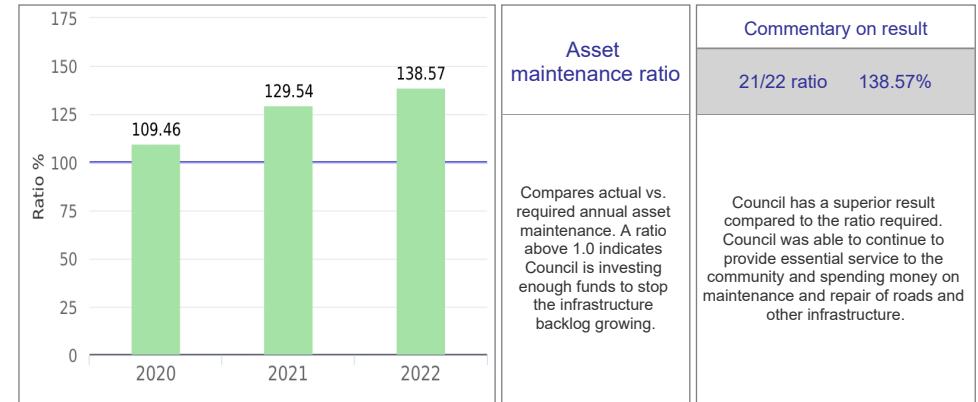
Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio
Commentary on result
21/22 ratio 282.21%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.
The ratio for the year is above the benchmarks. This shows Council is able to spend more on asset renewal than depreciation, amortisation and impairment of assets during the 2021-22 Financial Year.

Benchmark: — $\geq 100.00\%$
 Source of benchmark: Code of Accounting Practice and Financial Reporting
■ Ratio achieves benchmark
■ Ratio is outside benchmark

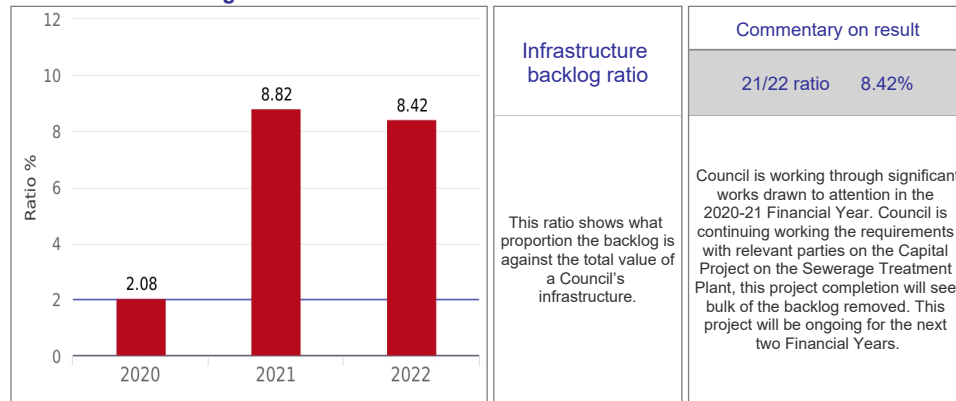
Asset maintenance ratio



Asset maintenance ratio
Commentary on result
21/22 ratio 138.57%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.
Council has a superior result compared to the ratio required. Council was able to continue to provide essential service to the community and spending money on maintenance and repair of roads and other infrastructure.

Benchmark: — $> 100.00\%$
 Source of benchmark: Code of Accounting Practice and Financial Reporting
■ Ratio achieves benchmark
■ Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio
Commentary on result
21/22 ratio 8.42%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.
Council is working through significant works drawn to attention in the 2020-21 Financial Year. Council is continuing working the requirements with relevant parties on the Capital Project on the Sewerage Treatment Plant, this project completion will see bulk of the backlog removed. This project will be ongoing for the next two Financial Years.

Benchmark: — $< 2.00\%$
 Source of benchmark: Code of Accounting Practice and Financial Reporting
■ Ratio achieves benchmark
■ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level
Commentary on result
21/22 ratio 6.24%
This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.
This asset ratio similarly to the backlog ratio was impacted by the reviews in 2020-21 Financial Year. Council is anticipating the completion of the Sewer Infrastructure completion to ease this ratio.

Oberon Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	316.94%	157.48%	0.00%	99.64%	0.00%	0.00%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	9.36%	3.55%	40.05%	32.28%	131.56%	120.67%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	(307.58)%	146.93%	17.43%	91.56%	14.76%	89.40%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	2.04%	2.84%	22.45%	17.39%	48.25%	48.49%	

(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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Oberon Council

To the Councillors of Oberon Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Oberon 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.



Karen Taylor
Delegate of the Auditor-General for New South Wales

29 October 2022
SYDNEY