

# Cobar Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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# Cobar Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

Linsley Street  
Cobar, NSW 2835

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.cobar.nsw.gov.au](http://www.cobar.nsw.gov.au).

# Cobar Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Understanding Council's Financial Statements

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#### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Cobar Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements (continued)

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Council is required to forward an audited set of financial statements to the Office of Local Government.

# Cobar Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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

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

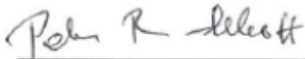
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 24 August 2023.



Peter Abbott  
Mayor  
24 August 2023



Jarrod Marsden  
Deputy Mayor  
24 August 2023



Peter Vlatko  
General Manager  
24 August 2023



Sandra Davey  
Responsible Accounting Officer  
24 August 2023

## Cobar Shire Council

## Income Statement

for the year ended 30 June 2023

<i>Original unaudited budget</i>				<i>Actual</i>	<i>Actual</i>
<b>2023</b>	<b>\$ '000</b>		Notes	<b>2023</b>	<b>2022</b>
		<b>Income from continuing operations</b>			
7,386		Rates and annual charges	B2-1	<b>7,578</b>	6,801
14,529		User charges and fees	B2-2	<b>17,186</b>	20,277
–		Other revenues	B2-3	<b>1,613</b>	4,243
9,102		Grants and contributions provided for operating purposes	B2-4	<b>17,805</b>	11,178
25,580		Grants and contributions provided for capital purposes	B2-4	<b>17,075</b>	12,015
80		Interest and investment income	B2-5	<b>1,084</b>	136
–		Net gain from the disposal of assets	B4-1	<b>266</b>	152
56,677		<b>Total income from continuing operations</b>		<b>62,607</b>	54,802
		<b>Expenses from continuing operations</b>			
13,164		Employee benefits and on-costs	B3-1	<b>12,434</b>	14,957
22,514		Materials and services	B3-2	<b>23,832</b>	20,581
244		Borrowing costs	B3-3	<b>265</b>	47
7,679		Depreciation, amortisation and impairment of non-financial assets	B3-3	<b>8,063</b>	7,260
–		Other expenses	B3-4	<b>366</b>	298
43,601		<b>Total expenses from continuing operations</b>		<b>44,960</b>	43,143
<b>13,076</b>		<b>Operating result from continuing operations</b>		<b>17,647</b>	11,659
<b>13,076</b>		<b>Net operating result for the year attributable to Council</b>		<b>17,647</b>	11,659
286		<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>572</b>	(356)

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

## Cobar Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

<b>\$ '000</b>	Notes	<b>2023</b>	<b>2022</b>
<b>Net operating result for the year – from Income Statement</b>		<b>17,647</b>	11,659
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>26,739</b>	32,781
Other comprehensive income – joint ventures and associates	D2-1	<b>75</b>	(49)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>26,814</b>	32,732
<b>Total other comprehensive income for the year</b>		<b>26,814</b>	32,732
<b>Total comprehensive income for the year attributable to Council</b>		<b>44,461</b>	44,391

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

## Cobar Shire Council

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	13,599	13,432
Investments	C1-2	25,000	10,000
Receivables	C1-4	9,032	3,459
Inventories	C1-5	2,023	1,443
<b>Total current assets</b>		<b>49,654</b>	<b>28,334</b>
<b>Non-current assets</b>			
Receivables	C1-4	124	314
Infrastructure, property, plant and equipment (IPPE)	C1-6	443,356	402,711
Right of use assets		54	108
Investments accounted for using the equity method	D2-1	729	654
<b>Total non-current assets</b>		<b>444,263</b>	<b>403,787</b>
<b>Total assets</b>		<b>493,917</b>	<b>432,121</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C2-1	3,407	3,374
Contract liabilities	C2-2	17,873	3,072
Lease liabilities	C2-1	39	46
Borrowings	C3-3	2,417	289
Employee benefit provisions	C2-3	2,414	2,295
Provisions	C2-4	35	35
<b>Total current liabilities</b>		<b>26,185</b>	<b>9,111</b>
<b>Non-current liabilities</b>			
Lease liabilities		27	75
Borrowings	C3-3	110	72
Employee benefit provisions	C2-3	281	260
Provisions	C2-4	6,077	5,827
<b>Total non-current liabilities</b>		<b>6,495</b>	<b>6,234</b>
<b>Total liabilities</b>		<b>32,680</b>	<b>15,345</b>
<b>Net assets</b>		<b>461,237</b>	<b>416,776</b>
<b>EQUITY</b>			
Accumulated surplus	C3-1	156,018	138,296
IPPE revaluation reserve	C3-1	305,219	278,480
<b>Total equity</b>		<b>461,237</b>	<b>416,776</b>

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



## Cobar Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		138,296	278,480	416,776	126,686	245,699	372,385
Net operating result for the year		17,647	–	17,647	11,659	–	11,659
<b>Net operating result for the period</b>		<b>17,647</b>	<b>–</b>	<b>17,647</b>	<b>11,659</b>	<b>–</b>	<b>11,659</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	26,739	26,739	–	32,781	32,781
Joint ventures and associates	D2-1	75	–	75	(49)	–	(49)
<b>Other comprehensive income</b>		<b>75</b>	<b>26,739</b>	<b>26,814</b>	<b>(49)</b>	<b>32,781</b>	<b>32,732</b>
<b>Total comprehensive income</b>		<b>17,722</b>	<b>26,739</b>	<b>44,461</b>	<b>11,610</b>	<b>32,781</b>	<b>44,391</b>
<b>Closing balance at 30 June</b>		<b>156,018</b>	<b>305,219</b>	<b>461,237</b>	<b>138,296</b>	<b>278,480</b>	<b>416,776</b>

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

## Cobar Shire Council

## Statement of Cash Flows

for the year ended 30 June 2023

<i>Original unaudited budget</i>			<i>Actual</i>	<i>Actual</i>
<b>2023</b>	<b>\$ '000</b>	Notes	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
7,386	Rates and annual charges		<b>7,665</b>	6,569
9,260	User charges and fees		<b>15,582</b>	20,433
100	Interest received		<b>650</b>	133
34,682	Grants and contributions		<b>49,681</b>	19,880
–	Bonds, deposits and retentions received		<b>–</b>	11
–	Other revenues		<b>1,955</b>	2,617
<b>Payments:</b>				
(13,164)	Payments to employees		<b>(12,405)</b>	(14,623)
(39,480)	Payments for materials and services		<b>(27,412)</b>	(22,621)
(78)	Borrowing costs		<b>(15)</b>	(47)
–	Bonds, deposits and retentions refunded		<b>(41)</b>	–
(1,294)	<b>Net cash flows from operating activities</b>	G1-1	<b>34,705</b>	16,717
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
2,500	Redemption of term deposits		<b>–</b>	–
600	Proceeds from sale of IPPE		<b>266</b>	152
<b>Payments:</b>				
–	Acquisition of term deposits		<b>(15,000)</b>	232
(17,273)	Payments for IPPE		<b>(21,930)</b>	(16,310)
(14,173)	<b>Net cash flows from investing activities</b>		<b>(36,664)</b>	(15,926)
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
(466)	Repayment of borrowings		<b>2,166</b>	(237)
(50)	Principal component of lease payments		<b>(40)</b>	(48)
(516)	<b>Net cash flows from financing activities</b>		<b>2,126</b>	(285)
(15,983)	<b>Net change in cash and cash equivalents</b>		<b>167</b>	506
20,000	Cash and cash equivalents at beginning of year		<b>13,432</b>	12,926
4,017	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>13,599</b>	13,432
10,000	plus: Investments on hand at end of year	C1-2	<b>25,000</b>	10,000
14,017	<b>Total cash, cash equivalents and investments</b>		<b>38,599</b>	23,432

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

# Cobar Shire Council

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# Cobar Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 26 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these 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 financial assets and liabilities and certain classes of infrastructure, property, plant and equipment.

#### **Significant accounting estimates and judgements**

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-5
- ii. estimated tip remediation provisions – refer Note C2-4
- iii. employee benefit provisions – refer Note C2-3.

#### **Significant judgements in applying the Council's accounting policies**

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

### **Monies and other assets received by Council**

#### **The Consolidated Fund**

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

The consolidated fund has been included in the Council's financial statements.

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

- General Purpose Operations
- Cobar Water Supply
- Cobar Sewerage Service

## A1-1 Basis of preparation (continued)

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### **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 other assets 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 other assets subject to Council's control have been included in these reports.

The following Trust monies and other assets are held by Council but are not considered to be under the control of Council and therefore are excluded from these financial statements:

Monies held in trust by the Lilliane Brady Village for their residents

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

### **Goods and Services Tax (GST)**

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

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

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

### **New accounting standards and interpretations issued but not yet effective**

#### **New accounting standards and interpretations issued but not yet effective**

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

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

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

### **New accounting standards adopted during the year**

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

Those newly adopted standards have had no material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<b>Functions or activities</b>										
Community services & education	<b>10,699</b>	10,843	<b>9,331</b>	8,850	<b>1,368</b>	1,993	<b>2,347</b>	800	<b>13,348</b>	11,707
Corporate support	<b>6,919</b>	5,240	<b>6,022</b>	2,565	<b>897</b>	2,675	<b>519</b>	14	<b>33,069</b>	29,004
Economic affairs	<b>1,287</b>	–	<b>1,029</b>	4	<b>258</b>	(4)	–	–	–	–
Environment	<b>993</b>	954	<b>890</b>	366	<b>103</b>	588	–	886	–	–
General purpose revenues	<b>8,977</b>	5,926	–	–	<b>8,977</b>	5,926	<b>8,977</b>	5,926	–	–
Governance	<b>126</b>	13	<b>979</b>	831	<b>(853)</b>	(818)	<b>90</b>	–	–	–
Housing & community amenities	<b>1,801</b>	1,383	<b>1,778</b>	2,698	<b>23</b>	(1,315)	<b>1,309</b>	142	<b>9,128</b>	8,006
Joint Arrangements	<b>75</b>	–	–	49	<b>75</b>	(49)	–	–	<b>746</b>	654
Mining & Manufacture	<b>306</b>	159	<b>288</b>	150	<b>18</b>	9	–	–	–	–
Public health	<b>13</b>	13	<b>217</b>	332	<b>(204)</b>	(319)	–	–	–	–
Public order & safety	<b>962</b>	1,977	<b>1,216</b>	821	<b>(254)</b>	1,156	<b>57</b>	91	<b>2,961</b>	2,597
Recreation & culture	<b>5,617</b>	1,016	<b>2,750</b>	1,605	<b>2,867</b>	(589)	<b>4,862</b>	931	<b>24,927</b>	21,863
Sewer	<b>1,830</b>	943	<b>1,239</b>	1,215	<b>591</b>	(272)	<b>455</b>	–	<b>22,136</b>	19,415
Other	–	–	–	–	–	–	–	–	<b>1,231</b>	–
Transport & communication	<b>14,511</b>	21,416	<b>15,024</b>	18,077	<b>(513)</b>	3,339	<b>11,745</b>	12,878	<b>356,759</b>	312,903
Water	<b>8,491</b>	4,919	<b>4,197</b>	5,580	<b>4,294</b>	(661)	<b>4,519</b>	1,525	<b>29,612</b>	25,972
<b>Total functions and activities</b>	<b>62,607</b>	<b>54,802</b>	<b>44,960</b>	<b>43,143</b>	<b>17,647</b>	<b>11,659</b>	<b>34,880</b>	<b>23,193</b>	<b>493,917</b>	<b>432,121</b>

## B1-2 Components of functions or activities

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

### Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking.

### Corporate support

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

### Public order & safety

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

### Public health

Includes immunisation, food control, health centres etc.

### Environment

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

### Community services & education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

### Housing & community amenities

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

### Recreation & culture

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

### Mining & Manufacture

Includes building control, quarries and pits and mineral resources.

### Transport & communication

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

### Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

### General Purpose revenues

Includes Council's Financial Assistance Grant.

### Water

Includes Councils water filtration operations and potable and raw water supply.

### Sewer

Includes Councils sewer treatment operations and effluent supply.



## B1-2 Components of functions or activities (continued)

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### **Joint Arrangements**

Includes interest in Far North West Joint Organisation.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	1,216	1,212
Farmland	750	734
Mining	1,855	1,842
Business	461	465
Less: pensioner rebates (mandatory)	(46)	(46)
<b>Rates levied to ratepayers</b>	<b>4,236</b>	<b>4,207</b>
Pensioner rate subsidies received	36	33
<b>Total ordinary rates</b>	<b>4,272</b>	<b>4,240</b>
<b>Special rates</b>		
Water supplies	1,341	994
Sewerage services	1,307	910
Less: pensioner rebates (mandatory)	(41)	(20)
<b>Rates levied to ratepayers</b>	<b>2,607</b>	<b>1,884</b>
Pensioner rate subsidies received:		
– Water	12	11
– Sewerage	10	10
<b>Total special rates</b>	<b>2,629</b>	<b>1,905</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	696	674
Less: pensioner rebates (mandatory)	(19)	(18)
<b>Annual charges levied</b>	<b>677</b>	<b>656</b>
<b>Total annual charges</b>	<b>677</b>	<b>656</b>
<b>Total rates and annual charges</b>	<b>7,578</b>	<b>6,801</b>

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

#### Accounting policy

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

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

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

### B2-2 User charges and fees

\$ '000	Timing	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Water supply services	2	2,563	2,363
Sewerage services	2	25	16
Waste management services (non-domestic)	2	259	172
Other		20	–
<b>Total specific user charges</b>		<b>2,867</b>	<b>2,551</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Inspection services	2	6	8

continued on next page ...

## B2-2 User charges and fees (continued)

\$ '000	Timing	2023	2022
Planning and building regulation	2	293	75
Private works – section 67	2	719	484
Regulatory/ statutory fees	2	39	3
Section 10.7 certificates (EP&A Act)	2	23	27
Section 603 certificates	2	14	21
Other	2	10	–
Cobar Water Board service fee	2	695	327
<b>Total fees and charges – statutory/regulatory</b>		<b>2,105</b>	<b>984</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Aerodrome	2	91	71
Aged care	2	4,312	3,756
Caravan park	2	134	115
Cemeteries	2	24	22
Child care	2	4,051	4,335
RMS charges (state roads not controlled by Council)	1	3,116	6,582
Rent and hire of non-investment property	2	322	467
Other	2	2	1,179
<b>Total fees and charges – other</b>		<b>12,214</b>	<b>16,742</b>
<b>Total other user charges and fees</b>		<b>14,319</b>	<b>17,726</b>
<b>Total user charges and fees</b>		<b>17,186</b>	<b>20,277</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		3,116	6,582
User charges and fees recognised at a point in time (2)		14,070	13,695
<b>Total user charges and fees</b>		<b>17,186</b>	<b>20,277</b>

### 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. There is no material obligation for Council in relation to refunds or returns.

## B2-3 Other revenues

\$ '000	Timing	2023	2022
Fair value of assets contributed to Council	2	819	3,308
Other	2	794	935
<b>Total other revenue</b>		<b>1,613</b>	<b>4,243</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		1,613	4,243
<b>Total other revenue</b>		<b>1,613</b>	<b>4,243</b>

### Accounting policy for other revenue

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

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

## B2-3 Other revenues (continued)

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	1,136	2,336	–	–
Financial assistance – local roads component	2	426	1,001	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	5,588	3,591	–	–
Financial assistance – local roads component	2	2,253	1,539	–	–
<b>Amount recognised as income during current year</b>		<b>9,403</b>	<b>8,467</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
<b>Pensioners' rates subsidies:</b>					
– Water	2	–	45	–	–
– Sewerage		–	–	412	–
– Other	2	–	80	–	–
Water supplies	1	428	158	4,116	1,321
Childrens services	2	–	93	–	–
Community services	2	1,744	153	4,379	250
Employment and training programs	2	116	–	–	–
Library	2	54	73	–	–
NSW rural fire services	2	–	91	–	–
Recreation and culture	2	–	109	806	1,173
Storm/flood damage	2	3,778	1,515	–	–
Fixing country roads	1	–	–	–	5,051
Resources for regions	1	–	123	–	–
Street lighting	2	–	43	–	–
Transport	1	770	194	7,362	2,839
Other specific grants	1	–	34	–	572
Bushfire services		129	–	–	–
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>7,019</b>	<b>2,711</b>	<b>17,075</b>	<b>11,206</b>
<b>Total grants and non-developer contributions</b>		<b>16,422</b>	<b>11,178</b>	<b>17,075</b>	<b>11,206</b>
<b>Comprising:</b>					
– Commonwealth funding		9,403	8,467	–	–
– State funding		7,019	2,711	17,075	11,206
		<b>16,422</b>	<b>11,178</b>	<b>17,075</b>	<b>11,206</b>
<b>Developer contributions</b>					
S 7.11 – contributions towards amenities/services	2	–	–	–	275
S 7.12 – fixed development consent levies	2	1,188	–	–	435
<b>Total contributions</b>		<b>1,383</b>	<b>–</b>	<b>–</b>	<b>809</b>

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## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Total grants and contributions		<b>17,805</b>	11,178	<b>17,075</b>	12,015
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time (1)		1,198	386	-	10,171
Grants and contributions recognised at a point in time (2)		<b>16,607</b>	10,792	<b>17,075</b>	1,844
Total grants and contributions		<b>17,805</b>	11,178	<b>17,075</b>	12,015

### 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 completion of services etc.. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

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

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

#### Other grants and contributions

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

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

## B2-5 Interest and investment income

**B2-5 Interest and investment income (continued)**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	54	40
– Cash and investments	1,030	96
<b>Total interest and investment income (losses)</b>	<b>1,084</b>	<b>136</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
General Council cash and investments	1,084	102
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	–	26
Sewerage fund operations	–	8
<b>Total interest and investment income</b>	<b>1,084</b>	<b>136</b>

**Accounting policy**

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

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	9,676	11,686
Employee leave entitlements (ELE)	848	1,226
Superannuation	1,159	1,003
Superannuation – defined benefit plans	–	77
Workers' compensation insurance	805	714
Other	–	340
<b>Total employee costs</b>	<b>12,488</b>	<b>15,046</b>
Less: capitalised costs	(54)	(89)
<b>Total employee costs expensed</b>	<b>12,434</b>	<b>14,957</b>
Number of 'full-time equivalent' employees (FTE) at year end	137	133
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	182	173

#### Accounting policy

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

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

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

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

### B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		35,944	26,959
Contractor costs		654	555
Information technology		208	255
Printing and copy services		72	90
Roadworks (pavement stabilisation)		2,088	3,283
Roadworks (spray sealing)		–	2,078
Swimming pool		–	229
Audit Fees	F2-1	77	73
Councillor and Mayoral fees and associated expenses	F1-2	195	176
Fire control expenses		284	144
Insurance		568	252
Street lighting		76	76
Telephone and communications		399	124
Child care		2,616	3,082
Other expenses		–	103
Licenses		94	61
<b>Legal expenses:</b>			
– Legal expenses: debt recovery		23	2
– Legal expenses: other		38	51
<b>Total materials and services</b>		<b>43,336</b>	<b>37,593</b>
Less: capitalised costs		(19,504)	(17,012)
<b>Total materials and services</b>		<b>23,832</b>	<b>20,581</b>

## B3-2 Materials and services (continued)

### Accounting policy

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

## B3-3 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		1,036	969
Office equipment		46	46
Furniture and fittings		9	9
Land improvements (depreciable)		139	130
Rural Fire Service – Vested Assets		206	191
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		197	197
– Buildings – specialised		938	813
– Other structures		53	45
– Roads		3,989	3,503
– Stormwater drainage		93	81
– Water supply network		710	672
– Sewerage network		293	277
– Other open space/recreational assets		271	238
Right of use assets		39	50
<b>Other assets:</b>			
– Library books		39	38
– Other		5	1
<b>Total depreciation and amortisation costs</b>		<b>8,063</b>	<b>7,260</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>8,063</b>	<b>7,260</b>

### Accounting policy

#### Depreciation and amortisation

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

#### Impairment of non-financial assets

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

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

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

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

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

## B3-4 Other expenses

\$ '000	Notes	2023	2022
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### Impairment of receivables

continued on next page ...



**B3-4 Other expenses (continued)**

<b>\$ '000</b>	Notes	<b>2023</b>	<b>2022</b>
Other		<b>9</b>	8
<b>Total impairment of receivables</b>	C1-4	<b>9</b>	<b>8</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		<b>14</b>	9
– NSW fire brigade levy		<b>32</b>	28
– NSW rural fire service levy		<b>290</b>	217
Donations, contributions and assistance to other organisations (Section 356)		<b>21</b>	36
<b>Total other expenses</b>		<b>366</b>	<b>298</b>

**Accounting policy**

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		–	–
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-6		
Proceeds from disposal – plant and equipment		266	152
Less: carrying amount of plant and equipment assets sold/written off		–	–
<b>Gain (or loss) on disposal</b>		<b>266</b>	<b>152</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-6		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		–	–
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>266</b>	<b>152</b>

#### 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 24 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 <i>Budget</i>	2023 <i>Actual</i>	2023 ----- <i>Variance</i> -----	
<b>Revenues</b>				
<b>User charges and fees</b>	14,529	17,186	2,657	18% <b>F</b>
Council received additional fees and charges for development applications.				
<b>Other revenues</b>	-	1,613	1,613	∞ <b>F</b>
Council does not budget for other revenue as it typically consists of contributed assets.				
<b>Operating grants and contributions</b>	9,102	17,805	8,703	96% <b>F</b>
Differences in timing of grant revenue and an increase in the Financial Assistance grant have caused the material variation.				
<b>Capital grants and contributions</b>	25,580	17,075	(8,505)	(33)% <b>U</b>
Variances are due to timing of income related to contract liabilities, and pending grant applications that were not finalised prior to year end.				
<b>Interest and investment revenue</b>	80	1,084	1,004	1,255% <b>F</b>
Increase in overall interest rates over the financial year, and grant funding received in advance.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	(1,294)	34,705	35,999	(2,782)% <b>F</b>
The variance is caused by expected capital grant funding received in 22/23.				
<b>Cash flows from financing activities</b>	(516)	2,126	2,642	(512)% <b>F</b>
Council received a substantial amount of grant funding in advance in 22/23.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	13,599	6,432
Cash equivalent assets		
– Short-term deposits	–	7,000
<b>Total cash and cash equivalents</b>	<b>13,599</b>	<b>13,432</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,599	13,432
<b>Balance as per the Statement of Cash Flows</b>	<b>13,599</b>	<b>13,432</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Long term deposits	25,000	–	10,000	–
<b>Total</b>	<b>25,000</b>	<b>–</b>	<b>10,000</b>	<b>–</b>
<b>Total financial investments</b>	<b>25,000</b>	<b>–</b>	<b>10,000</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>38,599</b>	<b>–</b>	<b>23,432</b>	<b>–</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

## 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	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>38,599</b>	23,432
Less: Externally restricted cash, cash equivalents and investments	<u>(28,348)</u>	<u>(10,428)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>10,251</b>	13,004

### External restrictions

#### External restrictions – included in liabilities

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended grants – general fund	17,873	3,072
<b>External restrictions – included in liabilities</b>	<b>17,873</b>	3,072

### External restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions – general	3,278	1,780
Developer contributions – water fund	97	61
Developer contributions – sewer fund	204	153
Water fund	735	115
Sewer fund	2,803	2,033
Other	35	35
Domestic waste management	3,323	3,179
<b>Total external restrictions</b>	<b>28,348</b>	10,428

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

## C1-4 Receivables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges	632	124	660	388
User charges and fees	3,469	–	541	–
Private works	49	–	823	–
Accrued revenues				
– Interest on investments	458	–	24	–
– Other income accruals	4,516	–	1,419	–

continued on next page ...

## C1-4 Receivables (continued)

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Net GST receivable	(2)	–	–	–
<b>Total</b>	<b>9,122</b>	<b>124</b>	<b>3,467</b>	<b>388</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(90)	–	(8)	(74)
<b>Total provision for impairment – receivables</b>	<b>(90)</b>	<b>–</b>	<b>(8)</b>	<b>(74)</b>
<b>Total net receivables</b>	<b>9,032</b>	<b>124</b>	<b>3,459</b>	<b>314</b>

\$ '000	2023	2022
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	82	74
+ new provisions recognised during the year	8	8
<b>Balance at the end of the year</b>	<b>90</b>	<b>82</b>

### 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.

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	61	-	61	-
Stores and materials	1,922	-	1,355	-
Trading stock	40	-	27	-
<b>Total inventories at cost</b>	<b>2,023</b>	<b>-</b>	<b>1,443</b>	<b>-</b>
<b>Total inventories</b>	<b>2,023</b>	<b>-</b>	<b>1,443</b>	<b>-</b>

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Total externally restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total internally restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total unrestricted assets</b>	<b>2,023</b>	<b>-</b>	<b>1,443</b>	<b>-</b>
<b>Total inventories</b>	<b>2,023</b>	<b>-</b>	<b>1,443</b>	<b>-</b>

### (i) Other disclosures

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(a) Details for real estate development</b>				
Residential	61	-	61	-
<b>Total real estate for resale</b>	<b>61</b>	<b>-</b>	<b>61</b>	<b>-</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	61	-	61	-
<b>Total costs</b>	<b>61</b>	<b>-</b>	<b>61</b>	<b>-</b>
<b>Total real estate for resale</b>	<b>61</b>	<b>-</b>	<b>61</b>	<b>-</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	61	-	61	-
<b>Total real estate for resale</b>	<b>61</b>	<b>-</b>	<b>61</b>	<b>-</b>

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

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

#### 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.

## C1-5 Inventories (continued)

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



## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	13,704	–	13,704	–	15,410	–	–	(19,993)	(76)	–	9,045	–	9,045
Plant and equipment	20,533	(12,681)	7,852	–	3,242	(157)	(1,242)	–	–	–	21,877	(12,182)	9,695
Office equipment	1,634	(1,513)	121	–	356	–	(46)	–	–	–	1,990	(1,559)	431
Furniture and fittings	298	(157)	141	–	–	–	(9)	–	–	–	298	(166)	132
<b>Land:</b>													
– Operational land	4,072	–	4,072	–	–	–	–	–	–	285	4,357	–	4,357
– Community land	2,948	–	2,948	–	–	–	–	–	–	1,123	4,071	–	4,071
Land improvements – depreciable	6,181	(1,956)	4,225	–	51	–	(139)	–	–	325	6,721	(2,259)	4,462
<b>Infrastructure:</b>													
– Buildings – non-specialised	9,549	(3,798)	5,751	–	287	–	(197)	–	–	639	10,912	(4,432)	6,480
– Buildings – specialised	51,050	(20,124)	30,926	–	5,125	–	(938)	–	–	2,755	60,583	(22,715)	37,868
– Other structures	1,698	(820)	878	–	693	–	(53)	–	–	119	2,578	(941)	1,637
– Roads	341,287	(63,311)	277,976	4,732	4,798	–	(3,989)	–	–	16,767	371,564	(71,280)	300,284
– Stormwater drainage	9,284	(3,711)	5,573	–	–	–	(93)	–	–	813	10,907	(4,614)	6,293
– Water supply network	41,113	(19,101)	22,012	–	4,630	–	(710)	–	–	1,841	48,991	(21,218)	27,773
– Sewerage network	22,939	(7,802)	15,137	–	1,991	–	(293)	–	–	1,195	26,699	(8,669)	18,030
– Other open space/recreational assets	9,281	(3,896)	5,385	–	809	–	(271)	–	–	465	10,882	(4,494)	6,388
<b>Other assets:</b>													
– Library books	827	(788)	39	–	32	–	(39)	–	–	–	859	(827)	32
– Other	228	(25)	203	–	–	–	(5)	–	–	–	228	(30)	198
<b>Reinstatement, rehabilitation and restoration assets (refer Note C2-4):</b>													
– Tip assets	5,768	–	5,768	–	–	–	–	–	–	412	6,180	–	6,180
<b>Total infrastructure, property, plant and equipment</b>	<b>542,394</b>	<b>(139,683)</b>	<b>402,711</b>	<b>4,732</b>	<b>37,424</b>	<b>(157)</b>	<b>(8,024)</b>	<b>(19,993)</b>	<b>(76)</b>	<b>26,739</b>	<b>598,742</b>	<b>(155,386)</b>	<b>443,356</b>

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Restated Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation decrements to equity (ARR)	Restated Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	8,200	–	8,200	–	5,504	–	–	–	–	13,704	–	13,704
Plant and equipment	18,713	(11,245)	7,468	–	1,663	(131)	(1,160)	12	–	20,533	(12,681)	7,852
Office equipment	1,634	(1,467)	167	–	–	–	(46)	–	–	1,634	(1,513)	121
Furniture and fittings	298	(148)	150	–	–	–	(9)	–	–	298	(157)	141
<b>Land:</b>												
– Operational land	3,930	–	3,930	–	172	(30)	–	–	–	4,072	–	4,072
– Community land	2,948	–	2,948	–	–	–	–	–	–	2,948	–	2,948
Land improvements – depreciable	5,790	(1,768)	4,022	–	207	–	(130)	–	126	6,181	(1,956)	4,225
<b>Infrastructure:</b>												
– Buildings – non-specialised	9,482	(3,492)	5,990	–	–	(214)	(197)	–	172	9,549	(3,798)	5,751
– Buildings – specialised	43,541	(17,229)	26,312	–	2,227	–	(813)	–	3,200	51,050	(20,124)	30,926
– Other structures	1,442	(690)	752	–	80	–	(45)	–	91	1,698	(820)	878
– Roads	299,911	(53,826)	246,085	772	8,362	–	(3,503)	–	26,260	341,287	(63,311)	277,976
– Stormwater drainage	8,022	(3,126)	4,896	–	–	–	(81)	–	758	9,284	(3,711)	5,573
– Water supply network	38,885	(17,394)	21,491	–	–	–	(672)	–	1,193	41,113	(19,101)	22,012
– Sewerage network	21,668	(7,101)	14,567	–	27	–	(277)	–	820	22,939	(7,802)	15,137
– Other open space/recreational assets	8,399	(3,692)	4,707	–	814	(59)	(238)	–	161	9,281	(3,896)	5,385
<b>Other assets:</b>												
– Library books	788	(750)	38	–	39	–	(38)	–	–	827	(788)	39
– Other	55	(24)	31	–	173	–	(1)	–	–	228	(25)	203
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>												
– Tip assets	–	–	–	–	5,768	–	–	–	–	5,768	–	5,768
<b>Total infrastructure, property, plant and equipment</b>	<b>473,706</b>	<b>(121,952)</b>	<b>351,754</b>	<b>772</b>	<b>25,036</b>	<b>(434)</b>	<b>(7,210)</b>	<b>12</b>	<b>32,781</b>	<b>542,394</b>	<b>(139,683)</b>	<b>402,711</b>

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

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

### Accounting policy

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

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

Council also indexed roads, buildings, other structures, recreational assets, land improvements and stormwater in accordance with relevant indices to June 2022.

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:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	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	<b>Buildings</b>	
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
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
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		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20	Bulk earthworks	20
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.

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

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### **Crown reserves**

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

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

### **Rural Fire Service assets**

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

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

## C2 Liabilities of Council

### C2-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	3,593	–	2,597	–
Accrued expenses:				
– Salaries and wages	408	–	519	–
– Other expenditure accruals	22	–	285	–
Security bonds, deposits and retentions	25	–	66	–
ATO – net GST payable/(receivable)	(590)	–	(306)	–
Prepaid rates	–	–	213	–
Other	(51)	–	–	–
<b>Total payables</b>	<b>3,407</b>	<b>–</b>	<b>3,374</b>	<b>–</b>
<b>Total payables</b>	<b>3,407</b>	<b>–</b>	<b>3,374</b>	<b>–</b>

#### 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

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

### C2-2 Contract Liabilities

\$ '000	Notes	2023 Current	2022 Current
<b>Grants and contributions received in advance:</b>			
Fixing Local Roads	(i)	600	1,908
Resources for Region	(i)	11,512	–
Regional and Local Roads Repair Program		4,086	–
Other unexpended capital grants (to construct Council controlled assets)	(i)	1,675	1,164
<b>Total grants received in advance</b>		<b>17,873</b>	<b>3,072</b>
<b>Total contract liabilities</b>		<b>17,873</b>	<b>3,072</b>

#### Notes

Council has received funding to construct assets including roads, water assets, sporting facilities, 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.

#### Significant changes in contract liabilities

Council have received a significant amount of grant funding in advance in the 2022/2023 financial years. A portion of funds have been expended in this financial year and the balance is expected to be spent over the next 12 months. Revenue will be recognised in the 2023/2024 financial year.

#### 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.

### C2-3 Employee benefit provisions

2023	2023	2022	2022
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## C2-3 Employee benefit provisions (continued)

\$ '000	Current	Non-current	Current	Non-current
Annual leave	1,028	–	996	–
Long service leave	1,373	281	1,269	260
Time in lieu	13	–	30	–
<b>Total employee benefit provisions</b>	<b>2,414</b>	<b>281</b>	<b>2,295</b>	<b>260</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,000	1,800
	<b>2,000</b>	<b>1,800</b>

### Accounting policy

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

### Short-term obligations

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

### Other long-term employee benefit obligations

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

### On-costs

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

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

## C2-4 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
<b>Other provisions</b>				
Other	35	–	35	–
<b>Sub-total – other provisions</b>	<b>35</b>	<b>–</b>	<b>35</b>	<b>–</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	6,077	–	5,827
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>6,077</b>	<b>–</b>	<b>5,827</b>
<b>Total provisions</b>	<b>35</b>	<b>6,077</b>	<b>35</b>	<b>5,827</b>

## C2-4 Provisions (continued)

\$ '000	<i>Asset remediation</i>	<i>Total</i>
<b>2023</b>		
At beginning of year	5,827	5,827
Unwinding of discount	250	250
Total other provisions at end of year	<b>6,077</b>	<b>6,077</b>
<b>2022</b>		
At beginning of year	59	59
<b>Changes to provision:</b>		
– Revised costs	5,768	5,768
Total other provisions at end of year	<b>5,827</b>	<b>5,827</b>

### Nature and purpose of provisions

#### Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip as a result of past operations.

#### 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.

## C3 Reserves

### C3-1 Nature and purpose of reserves

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#### **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	<b>General 2023</b>	<b>Water 2023</b>	<b>Sewer 2023</b>
<b>Income from continuing operations</b>			
Rates and annual charges	4,949	1,331	1,298
User charges and fees	14,594	2,592	–
Interest and investment revenue	951	81	52
Other revenues	1,546	–	67
Grants and contributions provided for operating purposes	17,377	428	–
Grants and contributions provided for capital purposes	12,548	4,115	412
Net gains from disposal of assets	266	–	–
<b>Total income from continuing operations</b>	<b>52,231</b>	<b>8,547</b>	<b>1,829</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	11,618	662	154
Materials and services	20,161	2,879	792
Borrowing costs	265	–	–
Depreciation, amortisation and impairment of non-financial assets	7,057	713	293
Other expenses	366	–	–
<b>Total expenses from continuing operations</b>	<b>39,467</b>	<b>4,254</b>	<b>1,239</b>
<b>Operating result from continuing operations</b>	<b>12,764</b>	<b>4,293</b>	<b>590</b>
<b>Net operating result for the year</b>	<b>12,764</b>	<b>4,293</b>	<b>590</b>
<b>Net operating result attributable to each council fund</b>	12,764	4,293	590
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>216</b>	<b>178</b>	<b>178</b>

#### D1-2 Statement of Financial Position by fund

##### ASSETS

##### Current assets

Cash and cash equivalents	9,760	832	3,007
Investments	25,000	–	–
Receivables	6,240	2,673	119
Inventories	2,023	–	–
<b>Total current assets</b>	<b>43,023</b>	<b>3,505</b>	<b>3,126</b>

##### Non-current assets

Receivables	124	–	–
Infrastructure, property, plant and equipment	397,261	28,061	18,034
Investments accounted for using the equity method	729	–	–
Right of use assets	54	–	–
<b>Total non-current assets</b>	<b>398,168</b>	<b>28,061</b>	<b>18,034</b>

##### Total assets

<b>441,191</b>	<b>31,566</b>	<b>21,160</b>
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##### LIABILITIES

##### Current liabilities

continued on next page ...

## D1-2 Statement of Financial Position by fund (continued)

<b>\$ '000</b>	<b>General 2023</b>	<b>Water 2023</b>	<b>Sewer 2023</b>
Payables	3,405	2	–
Contract liabilities	17,873	–	–
Lease liabilities	39	–	–
Borrowings	2,417	–	–
Employee benefit provision	2,414	–	–
Provisions	35	–	–
<b>Total current liabilities</b>	<b>26,183</b>	<b>2</b>	<b>–</b>
<b>Non-current liabilities</b>			
Lease liabilities	27	–	–
Borrowings	110	–	–
Employee benefit provision	281	–	–
Provisions	6,077	–	–
<b>Total non-current liabilities</b>	<b>6,495</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>32,678</b>	<b>2</b>	<b>–</b>
<b>Net assets</b>	<b>408,513</b>	<b>31,564</b>	<b>21,160</b>
<b>EQUITY</b>			
Accumulated surplus	123,253	27,658	5,107
Revaluation reserves	285,260	3,906	16,053
<b>Council equity interest</b>	<b>408,513</b>	<b>31,564</b>	<b>21,160</b>
<b>Total equity</b>	<b>408,513</b>	<b>31,564</b>	<b>21,160</b>

## D2 Interests in other entities

\$ '000	Council's share of net assets	
	2023	2022
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Far North West Joint Organisation	729	654
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>729</b>	<b>654</b>
<b>Total Council's share of net assets</b>	<b>729</b>	<b>654</b>

### Interest in Joint Arrangements

The following information is provided for associates that are individually material 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.

Council is a member of the Far North West Joint Organisation of Councils (FNWJO).

Details of Council's membership and participation is as follows:

#### Legal Status of Joint Organisation

The FNWJO is a separately constituted entity pursuant to Part 7 of the Local Government Act (NSW) 1993, as amended, and the Local Government {General} Regulation 2008. The charter of the FNWJO can be found here:

<https://www.farnorthwestjo.nsw.gov.au/>

The FNWJO was formed in July 2018 and has the same year end date as the Council.

#### What the Joint Organisation does

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

#### Joint Organisation Participants

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

FNWJO comprises the Councils of Shires Cobar, Bourke and Walgett in north western NSW. The Board of the FNWJO comprises of 3 voting members being the mayors of the three member Councils, and non-voting members being the General Managers of the Shires of Cobar, Bourke and Walgett, as well as 3 appointed members from the State Government and Cabinet (non-voting). Ross Earl was appointed as the Executive Officer of the Board (non-voting).

#### Councils powers of control or influence over the Joint Organisation

Cobar Shire Council, as a member of the FNWJO, has one third voting right in respect to the decisions of the Board.

#### Councils financial obligation to the Joint Organisation

In accordance with the Charter each member of the FNWJO contributes annual fees towards the operation of the joint organisation. In 2022-23 the contribution made by Cobar Shire Council was \$21,860.

#### Councils liability obligations in relation to the Joint Organisation

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

#### Liability for operational losses or winding up of the FNWJO

All grant funding received and distributed through the FNWJO will have a 5% administration fee that will remain with the JO. The FNWJO signed a contract to provide an Air Service to the towns of Cobar, Bourke, Lightning Ridge and Walgett. The contract is Commercial-in-confidence and has a clause that safeguard Councils for any long term liability which is contained within the termination clause. The air service will be supported by funding provided to the FNWJO from the State Government.

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

## D2-1 Interest in Joint Arrangements (continued)

### Far North West Joint Organisation

	2023	2022
	\$'000	\$'00

### Summarised Statement of Financial Position

Cash and cash equivalents	1,365	2,02
Investments	3,000	4,00
Total Assets	4,726	6,07

Total Liabilities	2,539	4,11
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Net assets	2,187	1,96
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### Summarised Statement of Income and other Comprehensive Income

Total Revenue and other income	1,985	1,25
Total Expenditure	1,758	1,40
Profit/(loss) from continuing operations	227	(149)
Total Comprehensive Income	227	(149)

### Summarised Statement of Cash Flows

Cash flows from operating activities	1,664	1,00
Cash flows from investing activities	1,000	-
Net Increase/(Decrease) in cash and cash equivalents	(664)	1,00

Reconciliation of carrying amount of interest in associate to summarised financial information for associates accounted for using the equity method

Cobar Shire Council's share of 33.33% of Net Assets	729	654
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### Accounting policy

Interests in associates are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If Council's share of losses of an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further losses.

Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

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

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

Council's 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.

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

\$ '000	<i>Carrying value</i> 2023	<i>Carrying value</i> 2022	<i>Fair value</i> 2023	<i>Fair value</i> 2022
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	13,599	13,432	13,599	13,432
Receivables	9,156	3,773	9,156	3,773
Investments				
– Term deposits	–	–	25,000	10,000
<b>Fair value through profit and loss</b>				
Investments				
– Held for trading	25,000	10,000	–	–
<b>Total financial assets</b>	<b>47,755</b>	<b>27,205</b>	<b>47,755</b>	<b>27,205</b>
<b>Financial liabilities</b>				
Payables	3,407	3,374	3,407	3,374
Borrowings	2,527	361	2,527	361
<b>Total financial liabilities</b>	<b>5,934</b>	<b>3,735</b>	<b>5,934</b>	<b>3,735</b>

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.

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

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

- **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.

### (a) Market risk – interest rate and price risk

\$ '000	2023	2022
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 2.5% movement in interest rates (2022 2.5%)		
– Equity / Income Statement	1,194	680

### (b) Credit risk

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required 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	<i>Not yet overdue rates and annual charges</i>			<i>Total</i>
	<i>overdue</i>	<i>&lt; 5 years</i>	<i>≥ 5 years</i>	
<b>2023</b>				
Gross carrying amount	249	411	96	756
2022				
Gross carrying amount	660	327	61	1,048

##### 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.

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

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	
<b>2023</b>						
Gross carrying amount	6,004	1,321	774	374	17	8,490
Expected loss rate (%)	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
<b>ECL provision</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>14</b>
<b>2022</b>						
Gross carrying amount	2,197	-	262	-	348	2,807
Expected loss rate (%)	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
<b>ECL provision</b>	<b>6</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>8</b>

### (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.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2023</b>							
Payables	0.00%	25	-	-	-	25	3,407
Borrowings	4.83%	-	359	313	1,855	2,527	2,527
Lease liabilities	2.20%	-	50	52	-	102	-
<b>Total financial liabilities</b>		<b>25</b>	<b>409</b>	<b>365</b>	<b>1,855</b>	<b>2,654</b>	<b>5,934</b>
<b>2022</b>							
Payables	0.00%	66	3,308	-	-	3,374	3,374
Borrowings	6.22%	-	289	72	-	361	361
Lease liabilities	1.14%	-	46	75	-	121	-
<b>Total financial liabilities</b>		<b>66</b>	<b>3,643</b>	<b>147</b>	<b>-</b>	<b>3,856</b>	<b>3,735</b>

### Loan agreement breaches

Detail here any breaches to loan agreements which have occurred during the reporting year.

## E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
<b>Recurring fair value measurements</b>									
<b>Infrastructure, property, plant and equipment</b> <span style="float: right;">C1-6</span>									
Operational land		30/06/21	30/06/2018	–	4,072	–	–	–	4,072
Community land		30/06/18	30/06/2021	–	2,948	–	–	–	2,948
Land improvements – depreciable		30/06/21	30/06/2021	–	–	–	4,225	–	4,225
Non-specialised buildings		30/06/21	30/06/2021	–	–	–	5,751	–	5,751
Specialised buildings		30/06/21	30/06/2021	–	–	–	30,926	–	30,926
Other structures		30/06/2021	30/06/2021	–	–	–	878	–	878
Roads		30/06/2019	30/06/2019	–	–	–	277,976	–	277,976
Stormwater drainage		30/06/2023	30/06/2023	–	–	–	5,573	–	5,573
Water supply network		30/06/2021	30/06/2021	–	–	–	22,012	–	22,012
Sewerage network		30/06/2021	30/06/2021	–	–	–	15,137	–	15,137
Library books		N/A	N/A	–	–	–	39	–	39
Other assets		N/A	N/A	–	–	–	203	–	203
Recreational Assets		30/06/2021	30/06/2021	–	–	–	5,385	–	5,385
<b>Total infrastructure, property, plant and equipment</b>				<b>–</b>	<b>7,020</b>	<b>–</b>	<b>368,105</b>	<b>–</b>	<b>375,125</b>

### 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)

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

##### Level 2 inputs

###### Operational and Community land

Operational Land was valued by Australis Asset Advisory Group as at 30th June 2018 using both a cost and market approach. Community Land was valued by Australis Asset Advisory Group as at 30th June 2021 using both a cost and market approach.

##### Level 3 inputs

###### Buildings - specialised and non-specialised



## E2-1 Fair value measurement (continued)

Non-Specialised & Specialised Buildings were valued by Australis Asset Advisory Group as at 30th June 2021 using both a cost and market approach.

An independent valuation is conducted every five years. In 2023 Council applied indexation in association with construction indices.

### Land improvements

Land improvements are valued at current replacement cost. In 2023 Council applied indexation in association with construction indices.

### Other structures

Other Structures were valued by Australis Asset Advisory Group as at 30th June 2021 using the cost approach. In 2023 Council applied indexation in association with construction indices.

### Infrastructure roads, bridges and footpaths

Valuation of roads was undertaken by Morrison Low as at 30 June 2019, based on the current replacement cost of the road assets within Council's network. In 2023 Council applied indexation in association with construction indices.

### Stormwater, water and sewer infrastructure assets

Water Supply and Sewerage Network assets were valued by Australis Asset Advisory Group as at 30th June 2021 at Current Replacement Cost and utilising an incremental greenfield approach, which is applied in compliance with AASB13 and AASB116. Under this approach, costs associated with service replacements, demolition and other brownfield costs such as adjacent asset reinstatement are stripped out to generate a fair value. Annual indexation in accordance with the Rates Reference Manual issued by the Department of Industry – Water has been applied up to 30 June 2023.

Stormwater assets were valued by Morrison Low as at 30th June 2023, at Current Replacement Cost Assets within this class comprise pit, drains, pipes and culverts.

### Open spaces/recreational assets

Open Spaces/Recreational Assets were valued by Australis Asset Advisory Group as at 30th June 2021 using both a cost and market approach. In 2023 Council applied indexation in association with construction indices.

There were no changes in valuation techniques from prior years.

## Fair value measurements using significant unobservable inputs (level 3)

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

	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
<b>Infrastructure, property, plant and equipment</b>		
Non-Specialised Buildings	Cost/Market	Gross replacement cost Asset condition Remaining useful life
Specialised Buildings	Cost/Market	Gross replacement cost Asset condition Remaining useful life
Other Structures	Cost/Market	Gross replacement cost Asset condition Remaining useful life
Roads, Bridges and Footpaths	Cost approach using level 3 inputs due to no market evidence	Gross replacement cost Asset condition Remaining useful life
Stormwater Drainage	Cost approach using level 3 inputs due to no market evidence	Gross replacement cost Asset condition Remaining useful life
Water Supply	Cost approach using level 3 inputs due to no market evidence	Gross replacement cost Asset condition Remaining useful life
Sewerage Network	Cost approach using level 3 inputs due to no market evidence	Gross replacement cost Asset condition Remaining useful life

## E2-1 Fair value measurement (continued)

	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
Other Assets	Cost/Market	Gross replacement cost Asset condition Remaining useful life
Recreational Assets	Cost/Market	Gross replacement cost Asset condition Remaining useful life

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

##### *Description of the funding arrangements.*

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

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

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

\* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2023 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2021 to 30 June 2023, 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.

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

## E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$45,134.28. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$45,134.28. Council's expected contribution to the plan for the next annual reporting period is \$45,610.92.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

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

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

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	5.75% 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.

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

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

## E3-1 Contingencies (continued)

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### (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:

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Compensation:</b>		
Short-term benefits incl. superannuation	<b>962</b>	861
<b>Total</b>	<b>962</b>	<b>861</b>

#### F1-2 Councillor and Mayoral fees and associated expenses

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
----------------	-------------	-------------

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	<b>28</b>	27
Councillors' fees	<b>152</b>	129
Other Councillors' expenses (including Mayor)	<b>15</b>	20
<b>Total</b>	<b>195</b>	<b>176</b>

#### F1-3 Other related parties

<b>\$ '000</b>	<b>Transactions during the year</b>	<b>Outstanding balances including commitments</b>
<b>2023</b>		
<b>Far North West Joint Organisation (member contributions)</b>	<b>21,860</b>	–
2022		
Far North West Joint Organisation (member contributions)	24,968	–

## F2 Other relationships

### F2-1 Audit fees

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

During the year, the following fees were incurred for services provided by the auditor of Council.

#### **Auditors of the Council - NSW Auditor-General:**

Audit and review of financial statements	<u>77</u>	<u>73</u>
<b>Total Auditor-General remuneration</b>	<b><u>77</u></b>	<b><u>73</u></b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>17,647</b>	11,659
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	8,063	7,260
(Gain) / loss on disposal of assets	(266)	(152)
Non-cash capital grants and contributions	–	(3,308)
Unwinding of discount rates on reinstatement provisions	250	–
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(5,391)	(1,353)
Increase / (decrease) in provision for impairment of receivables	8	9
(Increase) / decrease of inventories	(580)	473
Increase / (decrease) in payables	996	961
Increase / (decrease) in other accrued expenses payable	(374)	(788)
Increase / (decrease) in other liabilities	(589)	(118)
Increase / (decrease) in contract liabilities	14,801	(3,860)
Increase / (decrease) in employee benefit provision	140	166
Increase / (decrease) in other provisions	–	5,768
<b>Net cash flows from operating activities</b>	<b>34,705</b>	<b>16,717</b>



## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
<b>Property, plant and equipment</b>		
Sewerage and water infrastructure	596	986
Buildings	9,324	1,636
Plant and equipment	684	80
Other	1,226	413
Road infrastructure	1,654	457
<b>Total commitments</b>	<b>13,484</b>	<b>3,572</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	13,484	3,572
<b>Total payable</b>	<b>13,484</b>	<b>3,572</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	1,808	–
Future grants and contributions	5,278	2,751
Internally restricted reserves	6,398	821
<b>Total sources of funding</b>	<b>13,484</b>	<b>3,572</b>

## G3-1 Events occurring after the reporting date

---

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

## G4 Statement of developer contributions as at 30 June 2023

### G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2023
		Cash	Non-cash	Land			
Open space	11	-	-	-	-	11	
Community facilities	12	-	-	-	-	12	
S94 contributions 2012	1,486	1,184	-	109	-	2,779	
<b>S7.11 contributions – under a plan</b>	<b>1,509</b>	<b>1,184</b>	<b>-</b>	<b>109</b>	<b>-</b>	<b>2,802</b>	
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>1,509</b>	<b>1,184</b>	<b>-</b>	<b>109</b>	<b>-</b>	<b>2,802</b>	
S64 contributions	271	188	-	17	-	476	
S7.4 planning agreements	214	75	-	12	-	301	
<b>Total contributions</b>	<b>1,994</b>	<b>1,447</b>	<b>-</b>	<b>138</b>	<b>-</b>	<b>3,579</b>	

## G4-1 Summary of developer contributions (continued)

---

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 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts		Indicators		Benchmark
	2023	Indicator 2023	2022	2021	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>315</b>	<b>0.70%</b>	(1.17)%	1.23%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>45,266</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>27,461</b>	<b>44.05%</b>	57.56%	58.48%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>62,341</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>18,514</b>	<b>2.93x</b>	4.68x	7.49x	> 1.50x
Current liabilities less specific purpose liabilities	<b>6,310</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>8,643</b>	<b>(4.64)x</b>	20.50x	23.20x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>(1,861)</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>666</b>	<b>7.75%</b>	12.80%	9.83%	< 10.00%
Rates and annual charges collectable	<b>8,598</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>38,599</b>	<b>11.97 months</b>	8.47 months	9.05 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>3,225</b>				
(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					

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(0.10)%</b>	3.23%	<b>4.02%</b>	(35.26)%	<b>12.56%</b>	(28.74)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							

## G5-2 Statement of performance measures by fund (continued)

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>42.41%</b>	54.43%	<b>46.85%</b>	80.73%	<b>77.47%</b>	100.00%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions			<b>1,752.50</b>				
Current liabilities less specific purpose liabilities	<b>2.93x</b>	4.68x	<b>x</b>	1.55x	∞	56.93x	> 1.50x
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>(3.91)x</b>	22.79x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>11.16%</b>	18.99%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>10.78</b>	7.61	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>months</b>	months					months

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

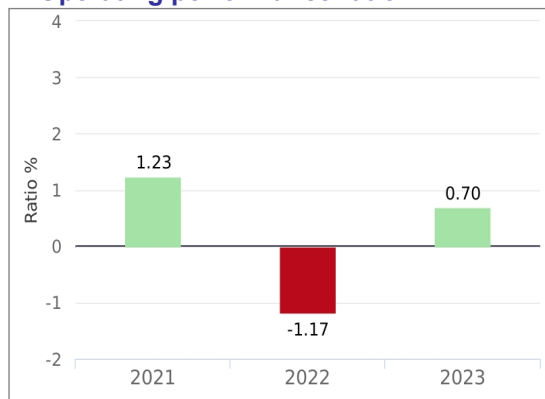
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 0.70%

The ratio is considered satisfactory. It has been achieved with a satisfactory cash position.

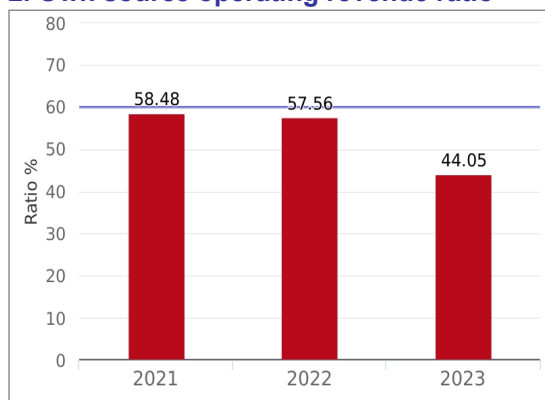
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



#### Purpose of own source operating revenue ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 44.05%

Council has on average almost achieved the benchmark and has no concern at being under.

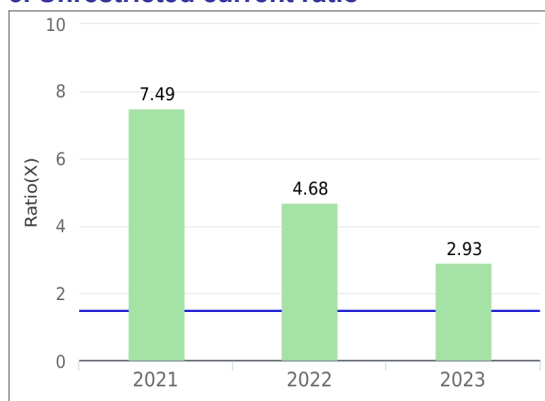
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 2.93x

Council has a conservative investment and borrowing policy. Provided a satisfactory operating performance is achieved its liquidity should be ensured. Due to an increase in grant funding received in advance of projects commencing, funds have been invested for longer periods.

Benchmark: — > 1.50x

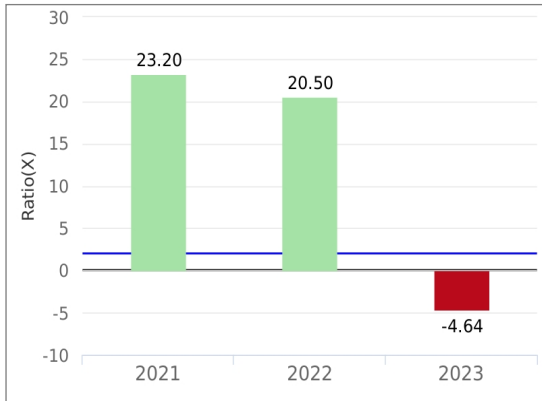
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

## 4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio (4.64)x

Council has conservative borrowing/debt policy which combined with a conservative investment policy to ensure a favourable debt service cover ratio. Due to an increase in grant funding received in advance of projects commencing, funds have been invested for longer periods.

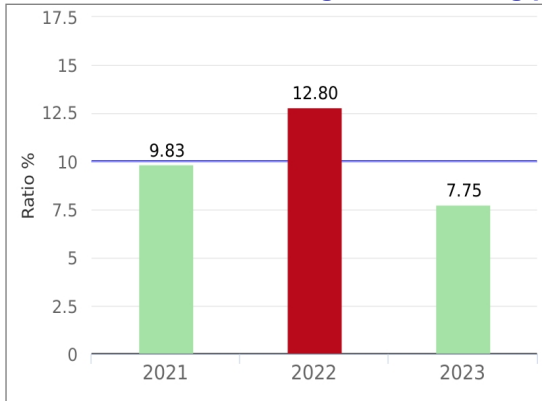
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 5. Rates and annual charges outstanding percentage



**Purpose of rates and annual charges outstanding percentage**

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

**Commentary on 2022/23 result**

2022/23 ratio 7.75%

Council consider the result to be satisfactory, in previous years Council has been marginally more than the benchmark.

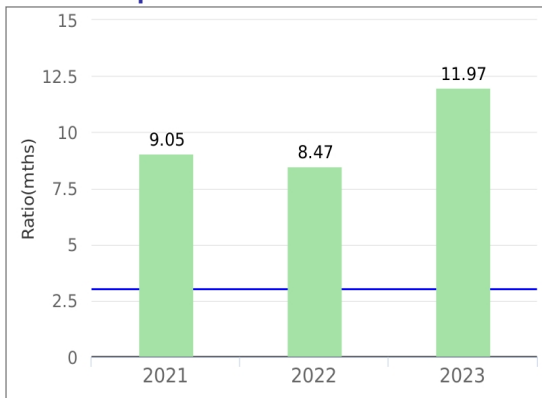
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio 11.97 months

Council maintains strong control over its recurrent expenditure and as per previous ratios maintains a high liquidity level.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



## Cobar Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2023

#### Independent Auditor's Reports:

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#### **Independent Auditor's Report**

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

## Cobar Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2023

#### Independent Auditor's Reports: (continued)

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#### **Independent Auditor's Report**

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



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Cobar Shire Council

To the Councillors of Cobar Shire Council

### Opinion

I have audited the accompanying financial statements of Cobar Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://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.



Unaib Jeffrey  
Delegate of the Auditor-General for New South Wales

27 October 2023  
SYDNEY

# Cobar Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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### Background

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

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

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

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

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

# Cobar Shire Council

## Special Purpose Financial Statements

for the year ended 30 June 2023

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### 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:

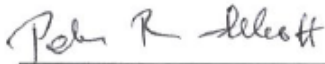
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Planning and Environment, *Water's Regulatory and assurance framework for local water utilities*.

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,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 24 August 2023.



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**Peter Abbott**  
**Mayor**  
24 August 2023



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**Jarrod Marsden**  
**Deputy Mayor**  
24 August 2023



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**Peter Vlatko**  
**General Manager**  
24 August 2023



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**Sandra Davey**  
**Responsible Accounting Officer**  
24 August 2023



## Cobar Shire Council

## Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	1,331	1,525
User charges	2,592	2,409
Interest and investment income	81	–
Grants and contributions provided for operating purposes	428	158
<b>Total income from continuing operations</b>	<b>4,432</b>	<b>4,092</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	662	1,514
Materials and services	2,879	3,344
Depreciation, amortisation and impairment	713	677
<b>Total expenses from continuing operations</b>	<b>4,254</b>	<b>5,535</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>178</b>	<b>(1,443)</b>
Grants and contributions provided for capital purposes	4,115	781
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>4,293</b>	<b>(662)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>4,293</b>	<b>(662)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(45)	–
<b>Surplus (deficit) after tax</b>	<b>4,248</b>	<b>(662)</b>
<b>Plus accumulated surplus</b>	<b>23,365</b>	<b>24,027</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	45	–
<b>Closing accumulated surplus</b>	<b>27,658</b>	<b>23,365</b>
<b>Return on capital %</b>	<b>0.6%</b>	<b>(5.7)%</b>
<b>Subsidy from Council</b>	<b>950</b>	<b>2,363</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	4,249	(662)
Less: capital grants and contributions (excluding developer contributions)	(4,115)	(781)
<b>Surplus for dividend calculation purposes</b>	<b>134</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>67</b>	<b>–</b>

## Cobar Shire Council

## Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	1,298	935
Interest and investment income	52	8
Other income	67	–
<b>Total income from continuing operations</b>	<b>1,417</b>	<b>943</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	154	613
Materials and services	792	324
Depreciation, amortisation and impairment	293	277
<b>Total expenses from continuing operations</b>	<b>1,239</b>	<b>1,214</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>178</b>	<b>(271)</b>
Grants and contributions provided for capital purposes	412	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>590</b>	<b>(271)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>590</b>	<b>(271)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(45)	–
<b>Surplus (deficit) after tax</b>	<b>545</b>	<b>(271)</b>
<b>Plus accumulated surplus</b>	<b>4,516</b>	<b>4,787</b>
– Corporate taxation equivalent	45	–
<b>Closing accumulated surplus</b>	<b>5,106</b>	<b>4,516</b>
<b>Return on capital %</b>	<b>1.0%</b>	<b>(1.6)%</b>
<b>Subsidy from Council</b>	<b>547</b>	<b>896</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	546	(271)
Less: capital grants and contributions (excluding developer contributions)	(412)	–
<b>Surplus for dividend calculation purposes</b>	<b>134</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>67</b>	<b>–</b>

## Cobar Shire Council

### Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	832	176
Receivables	2,673	666
<b>Total current assets</b>	<b>3,505</b>	<b>842</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	28,061	25,130
<b>Total non-current assets</b>	<b>28,061</b>	<b>25,130</b>
<b>Total assets</b>	<b>31,566</b>	<b>25,972</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	2	543
<b>Total current liabilities</b>	<b>2</b>	<b>543</b>
<b>Total liabilities</b>	<b>2</b>	<b>543</b>
<b>Net assets</b>	<b>31,564</b>	<b>25,429</b>
<b>EQUITY</b>		
Accumulated surplus	27,658	23,365
Revaluation reserves	3,906	2,064
<b>Total equity</b>	<b>31,564</b>	<b>25,429</b>

## Cobar Shire Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2023

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,007	2,186
Receivables	119	148
<b>Total current assets</b>	<b>3,126</b>	<b>2,334</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	18,034	17,081
<b>Total non-current assets</b>	<b>18,034</b>	<b>17,081</b>
<b>Total assets</b>	<b>21,160</b>	<b>19,415</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	-	41
<b>Total current liabilities</b>	<b>-</b>	<b>41</b>
<b>Total liabilities</b>	<b>-</b>	<b>41</b>
<b>Net assets</b>	<b>21,160</b>	<b>19,374</b>
<b>EQUITY</b>		
Accumulated surplus	5,107	4,516
Revaluation reserves	16,053	14,858
<b>Total equity</b>	<b>21,160</b>	<b>19,374</b>

## Note – Significant Accounting Policies

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2021 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. Cobar Water Supply - Water Supply

#### Category 2

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

##### a. Cobar Sewerage - Sewer Supply

### Taxation equivalent charges

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

#### Notional rate applied (%)

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

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

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

## Note – Significant Accounting Policies (continued)

In accordance with section 4 of Department of Planning and Environment (DPE) – Water's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

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

### Income tax

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

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

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

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

#### (ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

#### Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

#### (iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with section 4 of DPE – Water's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of

## Note – Significant Accounting Policies (continued)

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water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE – Water.

## Cobar Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

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





**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Cobar Shire Council**

To the Councillors of Cobar Shire Council

## Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Cobar Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water supply business activity
- Sewerage business activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

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

## Basis for Opinion

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

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

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

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

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

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

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

## **Emphasis of Matter - Basis of Accounting**

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long, sweeping flourish extending to the right.

Unaib Jeffrey  
Delegate of the Auditor-General for New South Wales

27 October 2023  
SYDNEY

# Cobar Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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# Cobar Shire Council

## Special Schedules

for the year ended 30 June 2023

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#### **Special Schedules:**

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## Cobar Shire Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2022/23 Restated	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	4,252	4,286
Plus or minus adjustments <sup>2</sup>	b	4	8
<b>Notional general income</b>	c = a + b	<b>4,256</b>	<b>4,294</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	0.70%	3.70%
Or plus rate peg amount	i = e x (c + g)	30	159
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>4,286</b>	<b>4,453</b>
Plus (or minus) last year's carry forward total	l	1	-
Less valuation objections claimed in the previous year	m	(1)	-
<b>Sub-total</b>	n = (l + m)	<b>-</b>	<b>-</b>
<b>Total permissible income</b>	o = k + n	<b>4,286</b>	<b>4,453</b>
Less notional general income yield	p	4,286	4,444
<b>Catch-up or (excess) result</b>	q = o - p	<b>(1)</b>	<b>9</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>(1)</b>	<b>9</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

## Cobar Shire Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Buildings</b>	Buildings	3,646	15,628	850	680	44,347	71,494	14.0%	51.0%	13.0%	19.0%	3.0%
	<b>Sub-total</b>	<b>3,646</b>	<b>15,628</b>	<b>850</b>	<b>680</b>	<b>44,348</b>	<b>71,494</b>	<b>14.0%</b>	<b>51.0%</b>	<b>13.0%</b>	<b>19.0%</b>	<b>3.0%</b>
<b>Other structures</b>	Other structures	165	438	–	359	1,637	2,578	46.0%	3.0%	23.0%	13.0%	15.0%
	<b>Sub-total</b>	<b>165</b>	<b>438</b>	<b>–</b>	<b>359</b>	<b>1,637</b>	<b>2,578</b>	<b>46.0%</b>	<b>3.0%</b>	<b>23.0%</b>	<b>13.0%</b>	<b>15.0%</b>
<b>Roads</b>	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	–	–	2,390	491	1,297,230	160,516	0.0%	97.0%	3.0%	0.0%	0.0%
	Unsealed roads	–	–	2,990	4,673	162,332	200,865	100.0%	0.0%	0.0%	0.0%	0.0%
	Bridges	–	–	20	–	4,583	5,671	0.0%	0.0%	100.0%	0.0%	0.0%
	Footpaths	–	–	80	256	3,647	4,512	0.0%	100.0%	0.0%	0.0%	0.0%
	Other road assets	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>5,480</b>	<b>5,420</b>	<b>300,284</b>	<b>371,564</b>	<b>54.1%</b>	<b>43.1%</b>	<b>2.8%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Water supply network</b>	Water supply network	138	786	760	694	27,773	48,991	22.0%	0.0%	76.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>138</b>	<b>786</b>	<b>760</b>	<b>694</b>	<b>27,773</b>	<b>48,991</b>	<b>22.0%</b>	<b>0.0%</b>	<b>76.0%</b>	<b>2.0%</b>	<b>0.0%</b>
<b>Sewerage network</b>	Sewerage network	18	31	430	566	18,030	26,699	17.0%	27.0%	56.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>18</b>	<b>31</b>	<b>430</b>	<b>566</b>	<b>18,030</b>	<b>26,699</b>	<b>17.0%</b>	<b>27.0%</b>	<b>56.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	–	–	90	5	6,293	10,907	7.0%	15.0%	78.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>90</b>	<b>5</b>	<b>6,293</b>	<b>10,907</b>	<b>7.0%</b>	<b>15.0%</b>	<b>78.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	576	2,020	220	916	6,388	10,882	29.0%	11.0%	41.0%	13.0%	6.0%
	<b>Sub-total</b>	<b>576</b>	<b>2,020</b>	<b>220</b>	<b>916</b>	<b>6,388</b>	<b>10,882</b>	<b>29.0%</b>	<b>11.0%</b>	<b>41.0%</b>	<b>13.0%</b>	<b>6.0%</b>
<b>Total – all assets</b>		<b>4,543</b>	<b>18,903</b>	<b>7,830</b>	<b>8,640</b>	<b>404,753</b>	<b>543,115</b>	<b>42.6%</b>	<b>38.1%</b>	<b>15.7%</b>	<b>3.0%</b>	<b>0.6%</b>

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

## Infrastructure asset condition assessment 'key'

## Cobar Shire Council

### Report on infrastructure assets as at 30 June 2023 (continued)

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#	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



## Cobar Shire Council

## Report on infrastructure assets as at 30 June 2023

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	—	<b>0.00%</b>	0.00%	89.24%	> 100.00%
Depreciation, amortisation and impairment	<b>6,544</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>4,543</b>	<b>1.10%</b>	1.92%	3.88%	< 2.00%
Net carrying amount of infrastructure assets	<b>413,798</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>8,640</b>	<b>110.34%</b>	112.65%	140.85%	> 100.00%
Required asset maintenance	<b>7,830</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>18,903</b>	<b>3.48%</b>	7.21%	12.25%	
Gross replacement cost	<b>543,115</b>				

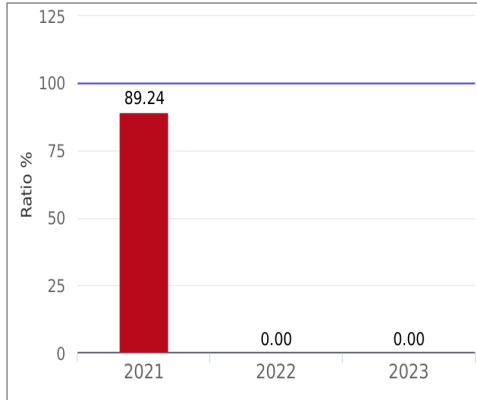
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

# Cobar Shire Council

## Report on infrastructure assets as at 30 June 2023

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result	
22/23 ratio	0.00%

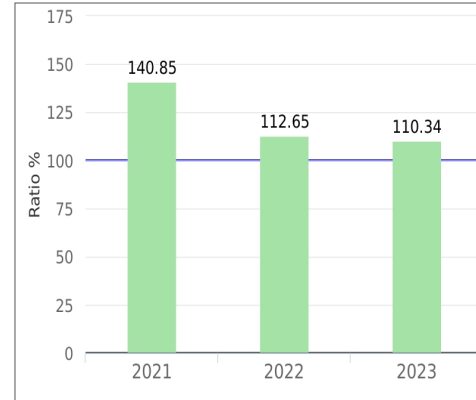
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result	
22/23 ratio	110.34%

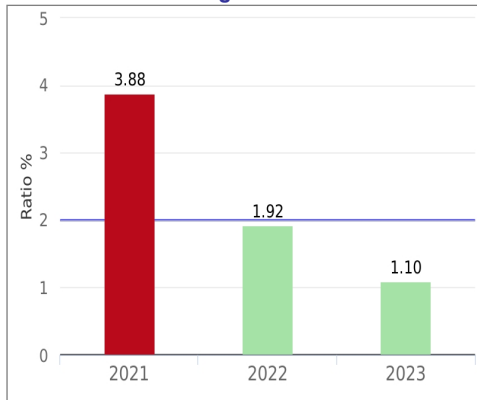
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result	
22/23 ratio	1.10%

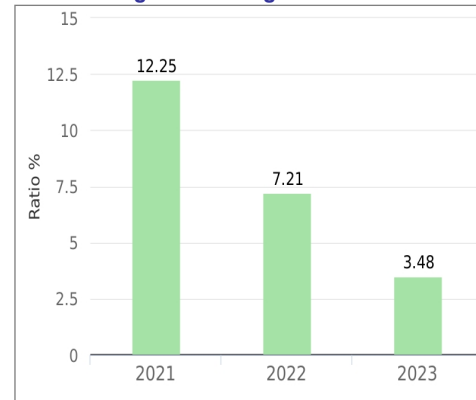
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result	
22/23 ratio	3.48%

## Cobar Shire Council

## Report on infrastructure assets as at 30 June 2023

## Infrastructure asset performance indicators (by fund)

\$ '000	<i>General fund</i>		<i>Water fund</i>		<i>Sewer fund</i>		<i>Benchmark</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	> 100.00%
Depreciation, amortisation and impairment							
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard	<b>1.19%</b>	1.07%	<b>0.50%</b>	16.29%	<b>0.10%</b>	0.11%	< 2.00%
Net carrying amount of infrastructure assets							
<b>Asset maintenance ratio</b>							
Actual asset maintenance	<b>111.14%</b>	103.57%	<b>91.32%</b>	163.36%	<b>131.63%</b>	160.00%	> 100.00%
Required asset maintenance							
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>3.87%</b>	3.45%	<b>1.60%</b>	49.84%	<b>0.12%</b>	0.13%	
Gross replacement cost							

(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

#### Cobar Shire Council

To the Councillors of Cobar Shire Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Cobar Shire Council (the Council) for the year ending 30 June 2024.

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 2022–23 (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).

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

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

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

I believe 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 2023 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 2023'.

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](http://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.



Unaib Jeffrey  
Delegate of the Auditor-General for New South Wales

27 October 2023  
SYDNEY



Cr Peter Abbott  
Mayor  
Cobar Shire Council  
30 Linsley Street  
COBAR NSW 2835

Contact: Unaib Jeffrey  
Phone no: (02) 9275 7450  
Our ref: R008-16585809-46580

27 October 2023

Dear Mayor

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

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

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

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

## **INCOME STATEMENT**

### **Operating result**

	<b>2023</b>	<b>2022</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Rates and annual charges revenue	7.6	6.8	↑ 11.8
Grants and contributions revenue	34.9	23.1	↑ 51.1
Operating result from continuing operations	17.6	11.7	↑ 50.00
Net operating result before capital grants and contributions	0.6	(0.4)	↓ 250

Rates and annual charges revenue increased by \$0.8 million as compared to the 2021-22 result, mainly due to the rate peg increase.

Grants and contributions revenue (\$34.9 million) increased] by \$11.8 million (51.1 per cent) in 2022–23 due to:

- increase of \$0.7 million of developer contributions recognised during the year
- increase of \$2.3 million of grants recognised received for natural disasters
- receiving 100 per cent of the financial assistance grants for 2023-24 in advance (75 per cent in 2021-22)

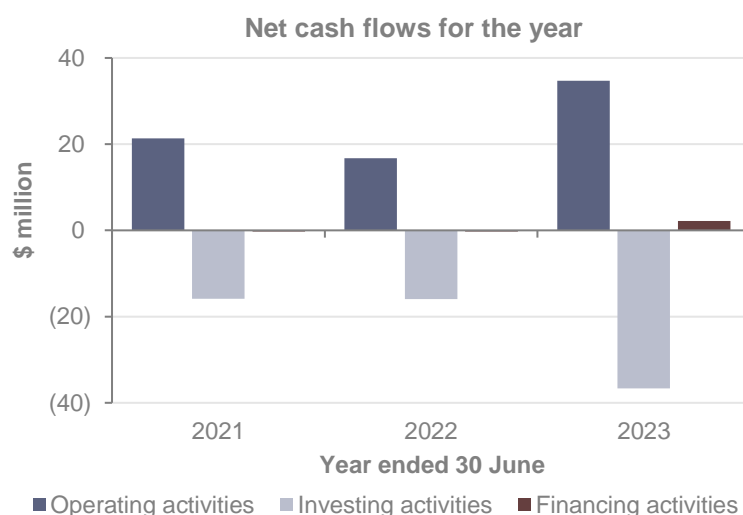
The Council's operating result from continuing operations being \$17.6 million (including depreciation, amortisation and impairment expense of \$8.1 million) was higher than the 2021–22 result mainly because of higher grants and contributions received in the current year (increase of 51.1 per cent from 2021-22).

## STATEMENT OF CASH FLOWS

Cash inflows from operating activities increased due an increase in rates and annual charges received during the year as well as an increase in receipts from grants and contributions.

Cash outflows from investing activities has increased compared to 2021-22, resulting from higher amount of funding used for term deposits and payments made for purchases of IPPE.

Cash inflows from financing activities increased from the previous year due to proceeds coming from borrowings.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>38.6</b>	<b>23.4</b>	External restrictions include developer contributions for general use, water fund, sewer fund and waste management. The increase is primarily attributable to an increase in developer contributions - general use, sewer fund and domestic waste management.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	28.3	10.4	
• Internal allocations	-	-	

### Debt

At 30 June 2023, Council had \$2.4 million in secured loans (\$0.4 million in 2021-22).

# PERFORMANCE

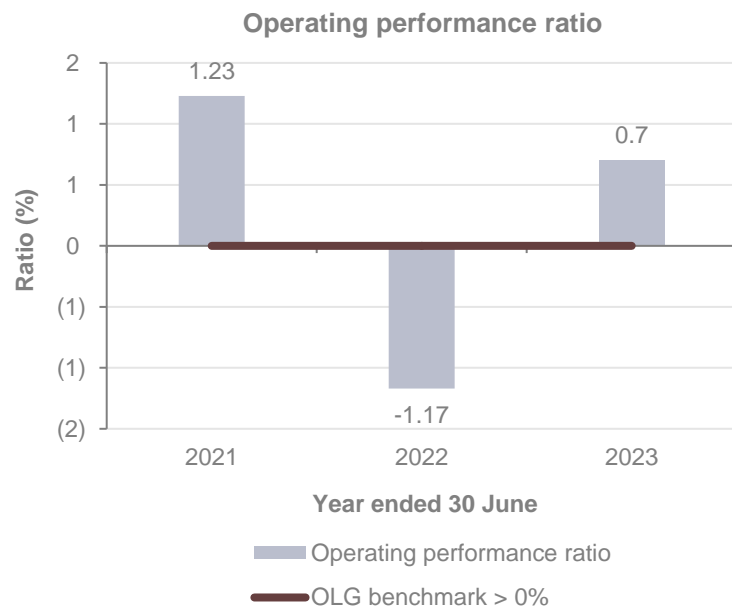
## Performance measures

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

### Operating performance ratio

The Council met the benchmark for the current reporting period.

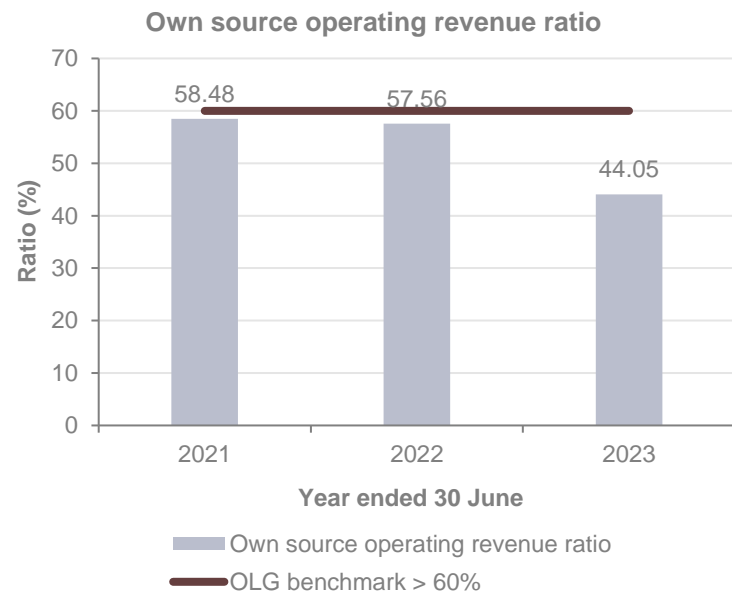
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

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

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

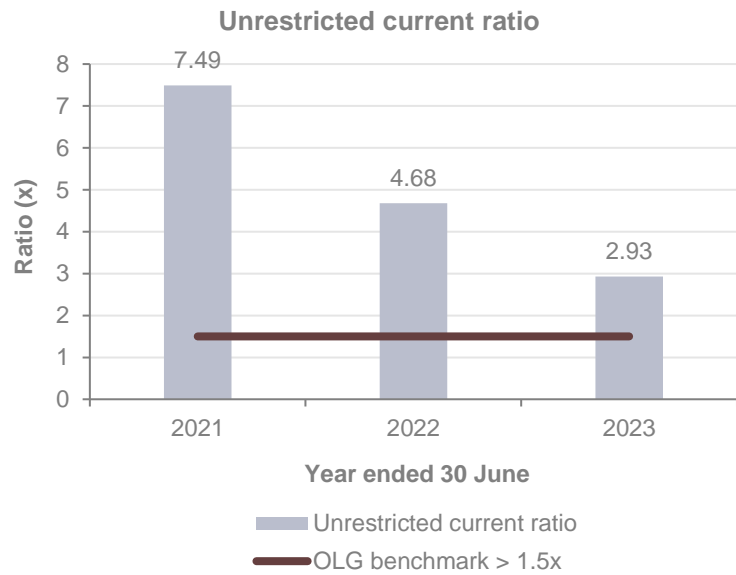




### Unrestricted current ratio

The Council met the benchmark for the current reporting period.

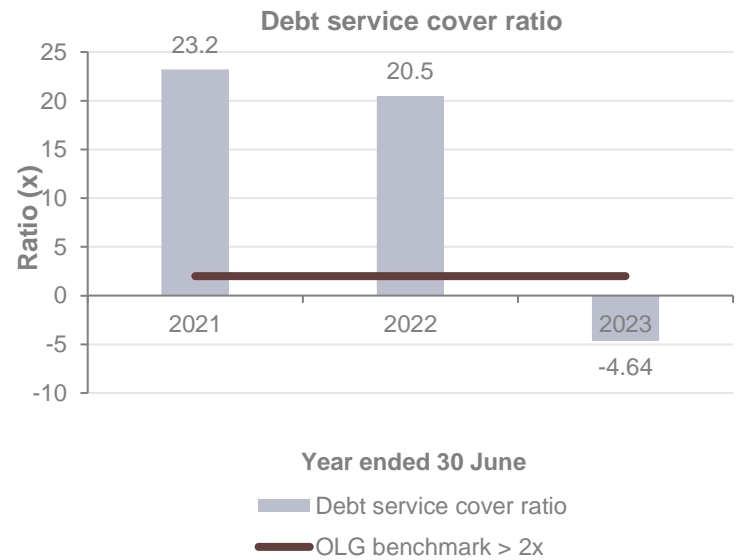
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

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

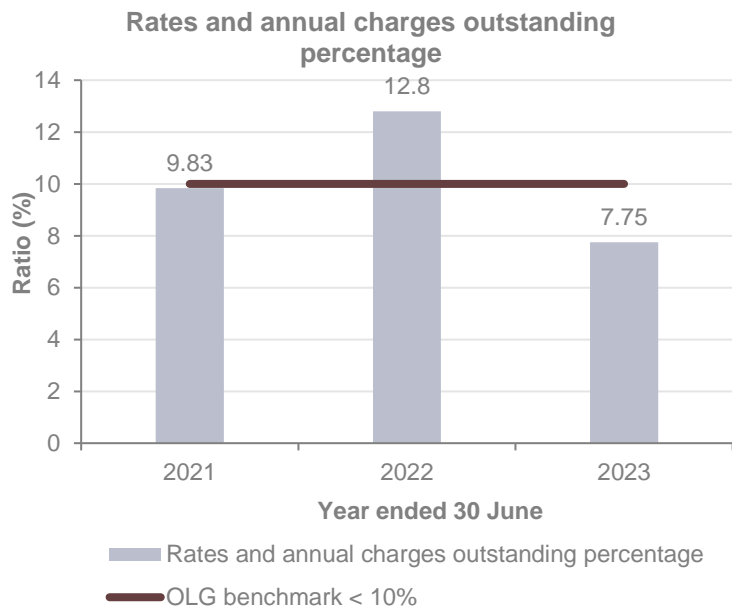
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

The Council met the benchmark for the current reporting period.

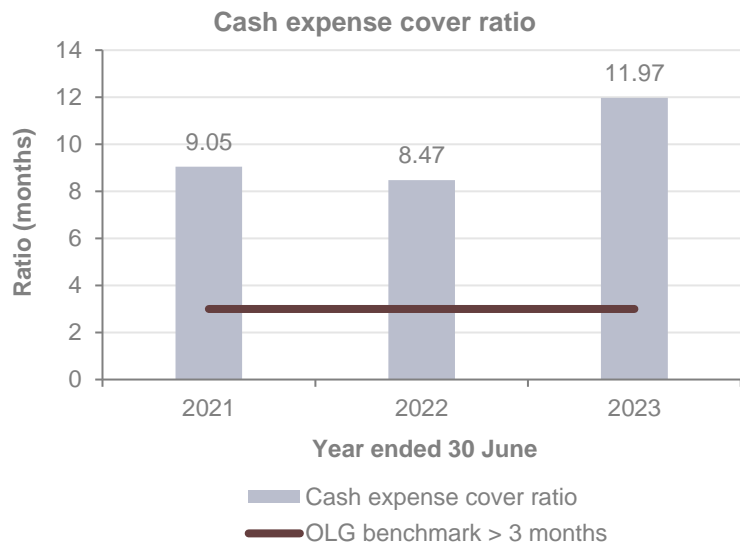
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



### Cash expense cover ratio

The Council met the benchmark for the current reporting period.

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



## **Infrastructure, property, plant and equipment renewals**

Council renewed \$4.7 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on stormwater drainage. A further \$37.4 million was spent on new assets across variety of asset classes.

## **Legislative compliance**

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

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



Unaib Jeffrey  
Delegate of the Auditor-General for New South Wales