

Castlereagh Macquarie County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Castlereaigh Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Castlereagh Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2022.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Castlereagh Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 29th August 2022.



Councillor Doug Batten

Chairperson

Dated:



Councillor Bill Fisher

Deputy Chairperson

Dated:



Michael J Urquhart

General Manager

Dated:



Michael J Urquhart

Responsible Accounting

Officer Dated:

Castlereagh Macquarie County Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
	Income from continuing operations			
147	User charges and fees	B2-1	95	167
13	Other revenues	B2-2	5	10
898	Grants and contributions provided for operating purposes	B2-3	921	1,154
3	Interest and investment income	B2-4	3	4
5	Net gain from the disposal of assets	B4-1	46	44
1,066	Total income from continuing operations		1,070	1,379
	Expenses from continuing operations			
638	Employee benefits and on-costs	B3-1	564	582
330	Materials and services	B3-2	437	315
80	Depreciation, amortisation and impairment of non-financial assets	B3-3	98	97
1,048	Total expenses from continuing operations		1,099	994
18	Operating result from continuing operations		(29)	385
18	Net operating result for the year attributable to Council		(29)	385
18	Net operating result for the year before grants and contributions provided for capital purposes		(29)	385

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

Castlereagh Macquarie County Council

Statement of Comprehensive Income

for the year ended 30 June 2022

	Actual 2022 \$ '000	Actual 2021 \$ '000
Net operating result for the year – from Income Statement	(29)	385
Total comprehensive income for the year attributable to Council	(29)	385

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

Castlereagh Macquarie County Council

Statement of Financial Position

as at 30 June 2022

	Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	632	383
Investments	C1-2	500	875
Receivables	C1-4	78	27
Inventories	C1-5	49	20
Total current assets		1,259	1,305
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	367	325
Right of use assets	C2-1	15	19
Total non-current assets		382	344
Total assets		1,641	1,649
LIABILITIES			
Current liabilities			
Payables	C3-1	70	39
Lease liabilities	C2-1	5	4
Employee benefit provisions	C3-2	148	147
Total current liabilities		223	190
Non-current liabilities			
Lease liabilities	C2-1	10	15
Employee benefit provisions	C3-2	7	14
Total non-current liabilities		17	29
Total liabilities		240	219
Net assets		1,401	1,430
EQUITY			
Accumulated surplus	C4-1	1,217	1,246
IPPE revaluation reserve	C4-1	184	184
Council equity interest		1,401	1,430
Total equity		1,401	1,430

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

Castlereagh Macquarie County Council

Statement of Changes in Equity

for the year ended 30 June 2022

	as at 30/06/22			as at 30/06/21		
	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July	1,246	184	1,430	861	184	1,045
Net operating result for the year	(29)	–	(29)	385	–	385
Net operating result for the period	(29)	–	(29)	385	–	385
Total comprehensive income	(29)	–	(29)	385	–	385
Closing balance at 30 June	1,217	184	1,401	1,246	184	1,430

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

Castlereagh Macquarie County Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
147	User charges and fees		49	152
3	Interest received		2	4
898	Grants and contributions		921	1,154
13	Other		90	40
<i>Payments:</i>				
(638)	Payments to employees		(554)	(552)
(358)	Payments for materials and services		(466)	(315)
–	Other		(74)	(92)
65	Net cash flows from operating activities	G1-1	(32)	391
Cash flows from investing activities				
<i>Receipts:</i>				
–	Redemption of term deposits		375	–
40	Proceeds from sale of IPPE		77	44
<i>Payments:</i>				
–	Acquisition of term deposits		–	(754)
(97)	Payments for IPPE		(167)	(134)
(57)	Net cash flows from investing activities		285	(844)
Cash flows from financing activities				
<i>Payments:</i>				
–	Principal component of lease payments		(4)	(5)
–	Net cash flows from financing activities		(4)	(5)
8	Net change in cash and cash equivalents		249	(458)
747	Cash and cash equivalents at beginning of year		383	841
755	Cash and cash equivalents at end of year	C1-1	632	383
121	plus: Investments on hand at end of year	C1-2	500	875
876	Total cash, cash equivalents and investments		1,132	1,258

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

Castlereagh Macquarie County 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 29 August 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- ii. employee benefit provisions – refer Note C3-2.

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 B2-1 – B2-3.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations

A1-1 Basis of preparation (continued)

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not engage volunteers.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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 the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2021:

- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- AASB 2020-7 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions: Tier 2 disclosures [AASB 16 and AASB 1060]*
- AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*
- AASB 2021-1 *Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

There has been no material impact from the adoption of these standards on the financial statements.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Functions or activities										
Governance	-	-	32	51	(32)	(51)	-	-	-	-
Administration	-	-	247	221	(247)	(221)	-	-	-	-
Environment	1,070	1,379	820	722	250	657	921	1,154	1,641	1,649
Total functions and activities	1,070	1,379	1,099	994	(29)	385	921	1,154	1,641	1,649

B1-2 Components of functions or activities

GOVERNANCE

Includes costs related to Council's role as a component of democratic government, members' fees and expenses, subscriptions to local authority associations, meeting of Council and policy-making committees, public disclosure (e.g. GIPA) and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services and any Council policy compliance.

ENVIRONMENT

Includes priority/noxious plants and insect/vermin control, other environmental protection.

B2 Sources of income

B2-1 User charges and fees

	2022 Actual \$ '000	2021 Actual \$ '000
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Private works – section 67	95	167
Total fees and charges – statutory/regulatory	95	167
Total other user charges and fees	95	167
Total user charges and fees	95	167
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time (1)	–	–
User charges and fees recognised at a point in time (2)	95	167
Total user charges and fees	95	167

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.

B2-2 Other revenues

	2022 Actual \$ '000	2021 Actual \$ '000
Insurance claims recoveries	5	5
Sales – general	–	5
Total other revenue	5	10

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	5	10
Total other revenue	5	10

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

B2-3 Grants and contributions

	Timing	Operating 2022 Actual \$ '000	Operating 2021 Actual \$ '000	Capital 2022 Actual \$ '000	Capital 2021 Actual \$ '000
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Noxious weeds	2	357	601	–	–
Previously contributions:					
Other councils – joint works/services	2	564	553	–	–
Total special purpose grants and non-developer contributions – cash		921	1,154	–	–
Total special purpose grants and non-developer contributions (tied)		921	1,154	–	–
Total grants and non-developer contributions		921	1,154	–	–
Comprising:					
– State funding		921	1,154	–	–
		921	1,154	–	–
Total grants and contributions		921	1,154	–	–
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		–	–	–	–
Grants and contributions recognised at a point in time (2)		921	1,154	–	–
Total grants and contributions		921	1,154	–	–

B2-3 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2022 Actual \$ '000	Operating 2021 Actual \$ '000	Capital 2022 Actual \$ '000	Capital 2021 Actual \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	244	–	–	–
Add: operating grants recognised in the current period but not yet spent	185	244	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(244)	–	–	–
Unspent funds at 30 June	185	244	–	–

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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.

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.

B2-4 Interest and investment income

	2022 Actual \$ '000	2021 Actual \$ '000
Interest on financial assets measured at amortised cost		
– Cash and investments	3	4
Total interest and investment income (losses)	3	4

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

	2022 Actual \$ '000	2021 Actual \$ '000
Salaries and wages	449	450
Employee leave entitlements (ELE)	59	76
Superannuation	44	45
Workers' compensation insurance	10	8
Training costs (other than salaries and wages)	–	1
Protective clothing	2	2
Total employee costs	564	582
Total employee costs expensed	564	582
Number of 'full-time equivalent' employees (FTE) at year end	6	6

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.

B3-2 Materials and services

	Notes	2022 Actual \$ '000	2021 Actual \$ '000
Raw materials and consumables		150	35
Audit Fees	E2-1	19	17
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	E1-2	32	51
Advertising		7	4
Computer software charges		19	21
Insurance		63	58
Office expenses (including computer expenses)		38	30
Postage		1	1
Printing and stationery		1	2
Telephone and communications		5	6
Plant expenses		88	69
Regional meeting expenses		10	16
Membership		4	5
Total materials and services		437	315
Total materials and services		437	315

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

	Notes	2022 \$ '000	2021 \$ '000
Depreciation and amortisation			
Plant and equipment		77	59
Office equipment		10	18
Infrastructure:	C1-6		
– Buildings (non-specialised)		7	15
Right of use assets	C2-1	4	5
Total gross depreciation and amortisation costs		98	97
Total depreciation and amortisation costs		98	97
Total depreciation, amortisation and impairment for non-financial assets		98	97

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.

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.

B4 Gains or losses

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

	Notes	2022 Actual \$ '000	2021 Actual \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		77	44
Less: carrying amount of plant and equipment assets sold/written off		(31)	–
Gain (or loss) on disposal		46	44
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		375	–
Less: carrying amount of term deposits sold/redeemed/matured		(375)	–
Net gain (or loss) from disposal of assets		46	44

Accounting policy

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

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 26/04/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
User charges and fees	147	95	(52)	(35)% U
Actual private works income was less than original budget predictions.				
Other revenues	13	5	(8)	(62)% U
The budget made allowance for income streams that were not realised.				
Operating grants and contributions	898	921	23	3% F
Interest and investment revenue	3	3	–	0% F
Net gains from disposal of assets	5	46	41	820% F
Gain on sale of motor vehicles was greater than anticipated in the budget.				
Expenses				
Employee benefits and on-costs	638	564	74	12% F
Salaries and wages were lower than budgeted as extra staff were allocated in the budget.				
Materials and services	330	437	(107)	(32)% U
Actual materials and services expenses were more than originally budgeted.				
Depreciation, amortisation and impairment of non-financial assets	80	98	(18)	(23)% U
Increased motor vehicle depreciation compared to budget due to purchases from the previous year.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	65	(32)	(97)	(149)% U
Operating expenditure more than previously estimated in the original budget.				
Cash flows from investing activities	(57)	285	342	(600)% F
Sale of term deposits and purchase of new motor vehicles compared to the original budget.				
Cash flows from financing activities	-	(4)	(4)	∞ U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2022 Actual \$ '000	2021 Actual \$ '000
Cash assets		
Cash on hand and at bank	632	383
Total cash and cash equivalents	632	383
 Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	632	383
Balance as per the Statement of Cash Flows	632	383

Accounting policy

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

C1-2 Financial investments

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Debt securities at amortised cost				
Long term deposits	500	–	875	–
Total	500	–	875	–
Total financial investments	500	–	875	–
Total cash assets, cash equivalents and investments	1,132	–	1,258	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

	2022 Actual \$ '000	2021 Actual \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	1,132	1,258
Less: Externally restricted cash, cash equivalents and investments	<u>(185)</u>	<u>(244)</u>
Cash, cash equivalents and investments not subject to external restrictions	947	1,014

External restrictions

External restrictions – other

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

Specific purpose unexpended grants (recognised as revenue) – general fund	185	244
External restrictions – other	185	244
Total external restrictions	185	244

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

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

Cash, cash equivalents and investments not subject to external restrictions	947	1,014
Less: Internally restricted cash, cash equivalents and investments	<u>(179)</u>	<u>(146)</u>
Unrestricted and unallocated cash, cash equivalents and investments	768	868

Internal allocations

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

Plant and vehicle replacement	48	40
Employees leave entitlement	111	86
Building	<u>20</u>	<u>20</u>
Total internal allocations	179	146

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

	2022 Actual \$ '000	2021 Actual \$ '000
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	768	868
--	------------	-----

C1-4 Receivables

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
User charges and fees	65	-	19	-
Accrued revenues				
– Interest on investments	1	-	-	-
Net GST receivable	11	-	7	-
Other debtors	1	-	1	-
Total	78	-	27	-
Total net receivables	78	-	27	-
Unrestricted receivables	78	-	27	-
Total net receivables	78	-	27	-

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.

C1-5 Inventories

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
(i) Inventories at cost				
Stores and materials	49	–	20	–
Total inventories at cost	49	–	20	–
Total inventories	49	–	20	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period			At 30 June 2022		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Plant and equipment	380	(135)	245	162	(31)	(77)	423	(124)	299
Office equipment	52	(42)	10	5	–	(10)	57	(52)	5
Land:									
– Operational land	4	–	4	–	–	–	4	–	4
Infrastructure:									
– Buildings – non-specialised	287	(221)	66	–	–	(7)	287	(228)	59
Total infrastructure, property, plant and equipment	723	(398)	325	167	(31)	(94)	771	(404)	367

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

By aggregated asset class	Asset movements during the reporting period								
	At 1 July 2020						At 30 June 2021		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions new assets \$ '000	Depreciation expense \$ '000		Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Plant and equipment	329	(159)	170	134	(59)		380	(135)	245
Office equipment	52	(24)	28	–	(18)		52	(42)	10
Land:									
– Operational land	4	–	4	–	–		4	–	4
Infrastructure:									
– Buildings – non-specialised	287	(206)	81	–	(15)		287	(221)	66
Total infrastructure, property, plant and equipment	672	(389)	283	134	(92)		723	(398)	325

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.

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. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years		
Office equipment	5 to 10		
Office furniture	10 to 20		
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40

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

C2 Leasing activities

C2-1 Council as a lessee

Council has a lease over a building. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Leases are on a short-term basis with the building lease renewable in the 2023/2024 financial year.

Buildings

Council leases a depot building in Coonamble. The lease has a five (5) year term.

The building lease contains an annual pricing mechanism based on a fixed increases of 3% at each anniversary of the lease inception.

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

(a) Right of use assets

	Ready to use Actual \$ '000	Total Actual \$ '000
2022		
Opening balance at 1 July	19	19
Depreciation charge	(4)	(4)
Balance at 30 June	15	15
2021		
Opening balance at 1 July	24	24
Depreciation charge	(5)	(5)
Balance at 30 June	19	19

(b) Lease liabilities

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Lease liabilities	5	10	4	15
Total lease liabilities	5	10	4	15

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

	< 1 year Actual \$ '000	1 – 5 years Actual \$ '000	> 5 years Actual \$ '000	Total Actual \$ '000	Total per Statement of Financial Position Actual \$ '000
2022					
Cash flows	5	10	–	15	15
2021					
Cash flows	4	15	–	19	19

(d) Income Statement

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

	2022 Actual \$ '000	2021 Actual \$ '000
Depreciation of right of use assets	4	5
	4	5

(e) Statement of Cash Flows

Total cash outflow for leases	(5)	(5)
	(5)	(5)

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

Council's lease is at market value which is for:

- Coonamble depot

Accounting policy

Council has implemented AASB16 for Council's property lease from 1st July 2020.

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

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

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

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

C2-1 Council as a lessee (continued)

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C3 Liabilities of Council

C3-1 Payables

	2022 Current Actual \$ '000	2022 Non-current \$ '000	2021 Current Actual \$ '000	2021 Non-current \$ '000
Accrued expenses:				
– Salaries and wages	16	–	–	–
– Other expenditure accruals	54	–	37	–
Other	–	–	2	–
Total payables	70	–	39	–

Accounting policy

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

Payables

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

C3-2 Employee benefit provisions

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Annual leave	78	–	80	–
Long service leave	70	7	67	14
Total employee benefit provisions	148	7	147	14

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

	2022 Actual \$ '000	2021 Actual \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	39	40
	39	40

Description of and movements in provisions

	ELE provisions		
	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2022			
At beginning of year	80	81	161
Additional provisions	23	(3)	20
Amounts used (payments)	(25)	(1)	(26)
Total ELE provisions at end of year	78	77	155
2021			
At beginning of year	65	66	131
Additional provisions	39	15	54
Amounts used (payments)	(24)	–	(24)
Total ELE provisions at end of year	80	81	161

C3-2 Employee benefit provisions (continued)

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.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Risks and accounting uncertainties

D1-1 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 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.

	Carrying value 2022 \$ '000	Carrying value 2021 \$ '000	Fair value 2022 \$ '000	Fair value 2021 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	632	383	632	383
Receivables	78	27	78	27
Investments				
– Debt securities at amortised cost	500	875	500	875
Total financial assets	1,210	1,285	1,210	1,285
Financial liabilities				
Payables	70	39	70	39
Total financial liabilities	70	39	70	39

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

Council's General Manager manages the cash and Investments portfolio with the assistance of independent advisors.

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

The risks associated with the instruments held are:

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

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

D1-1 Risks relating to financial instruments held (continued)

(a) Market risk – interest rate and price risk

	2022 \$ '000	2021 \$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	12	11
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(b) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in:			Total cash outflows \$ '000	Actual carrying values \$ '000
			≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000		
2022							
Payables	0.00%	–	70	–	–	70	70
Lease liabilities	0.00%	–	5	10	–	15	15
Total financial liabilities		–	75	10	–	85	85
2021							
Payables	0.00%	–	39	–	–	39	39
Lease liabilities	0.00%	–	4	15	–	19	19
Total financial liabilities		–	43	15	–	58	58

D2-1 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).

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Plant and Office Equipment		30/06/17	30/06/17	–	–	304	255	304	255
Operational Land		30/06/17	30/06/17	–	–	4	4	4	4
Buildings (non specialised)		30/06/17	30/06/17	–	–	59	66	59	66
Total infrastructure, property, plant and equipment				–	–	367	325	367	325

D3-1 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) Statewide Limited

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

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

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

(ii) 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.

(iii) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

	2022	2021
	\$ '000	\$ '000
Compensation:		
Short-term benefits	57	57
Total	57	57

Other transactions with KMP and their related parties

Council has determined that there were no other KMP or related party transactions.

E1-2 Councillor and Mayoral fees and associated expenses

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
<p>The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:</p>		
Member expenses – chairperson’s fee	3	8
Member expenses – member’s fees	15	40
Member’s expenses (incl. chairperson) – other (excluding fees above)	14	3
Total	32	51

E2 Other relationships

E2-1 Audit fees

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

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	19	17
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Remuneration for audit and other assurance services

	19	17
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Total Auditor-General remuneration

	19	17
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Total audit fees

	19	17
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F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
Net operating result from Income Statement	(29)	385
Add / (less) non-cash items:		
Depreciation and amortisation	98	97
(Gain) / loss on disposal of assets	(46)	(44)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(51)	15
(Increase) / decrease of inventories	(29)	–
Increase / (decrease) in other accrued expenses payable	33	(88)
Increase / (decrease) in other liabilities	(2)	(4)
Increase/(decrease) in employee leave entitlements	(6)	30
Net cash flows from operating activities	(32)	391

F2-1 Events occurring after the reporting date

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

F3 Statement of performance measures

F3-1 Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2022	2022	2021	2020	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(75)	(7.32)%	25.54%	(19.42)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	1,024				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	103	10.06%	13.56%	10.28%	> 60.00%
Total continuing operating revenue ¹	1,024				
3. Unrestricted current ratio					
Current assets less all external restrictions	1,074	5.84x	7.07x	4.61x	> 1.50x
Current liabilities less specific purpose liabilities	184				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	23	5.75x	87.60x	0.00x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4				
5. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	1,132	12.37 mths	15.66 mths	11.11 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	91				

(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

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Castlereagh Macquarie County Council

To the Councillors of Castlereagh Macquarie County Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

27 October 2022
SYDNEY



Cr Doug Batten
Chairperson
Castlereagh Macquarie County Council
PO Box 664
WALGETT NSW 2825

Contact: Manuel Moncada
Phone no: 02 9275 7333
Our ref: D2222251/1815

27 October 2022

Dear Chairperson

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Castlereagh Macquarie County Council**

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

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

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

INCOME STATEMENT

Operating result

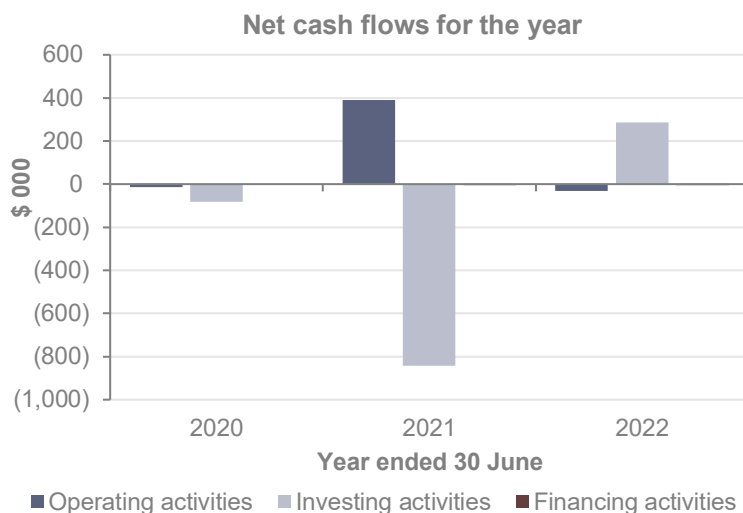
	2022	2021	Variance
	\$000	\$000	%
Grants and contributions revenue	921	1,154	20.2
Operating result from continuing operations	(29)	385	107.5

Grants and contributions revenue (\$921,000) decreased by \$233,000 (20 per cent) in 2021–2022.

Council’s operating result (a deficit of \$29,000 including the effect of depreciation and amortisation expense of \$98,000) was \$414,000 lower than the 2020–21 result. This was mainly due to reduced grant funding.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash increased by \$249,000 to \$1.1 million at the close of the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$'000	\$'000	
Total cash, cash equivalents and investments	1,132	1,258	<ul style="list-style-type: none"> External restrictions represent unspent specific purpose grants Balances are internally allocated due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
<ul style="list-style-type: none"> External restrictions Internal allocations 	185 179	244 146	

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, Industry and Environment.

Operating performance ratio

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

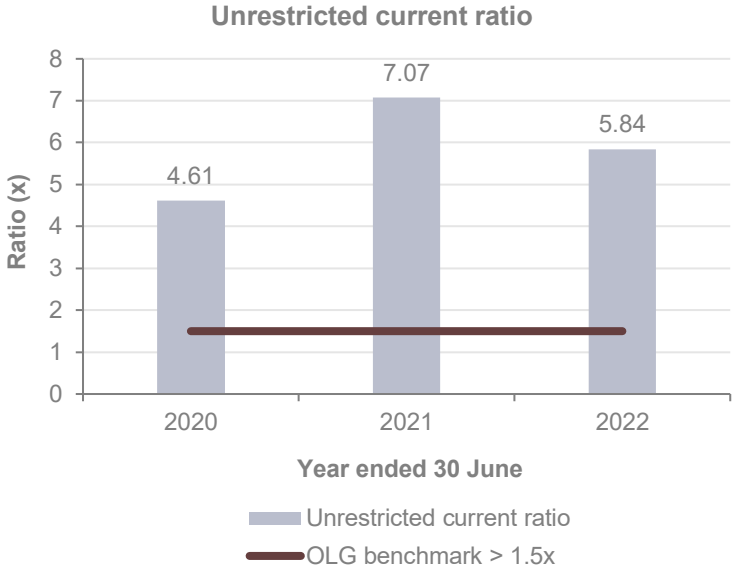
The Council did not meet the OLG benchmark for the current reporting period.



Unrestricted current ratio

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

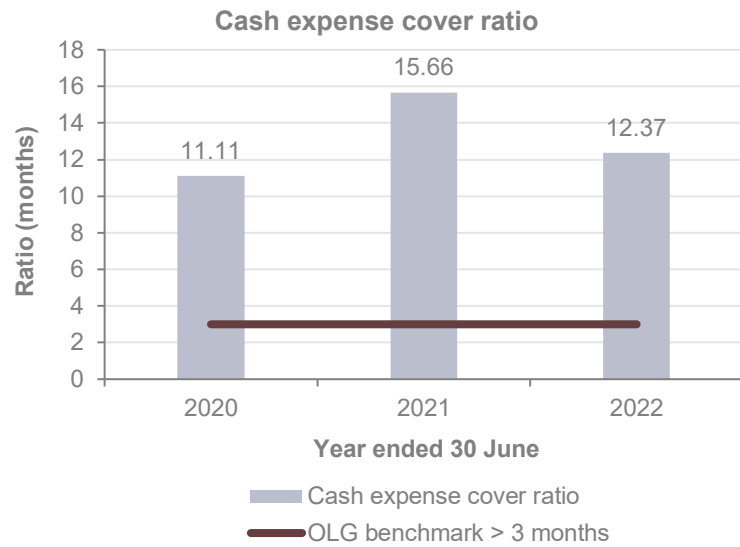
The Council exceeded the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

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



OTHER MATTERS

Legislative compliance

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

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

The Council's:

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

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