

Cowra Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



Cowra Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Cowra Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	73
On the Financial Statements (Sect 417 [3])	76

Overview

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

116 Kendal Street
Cowra NSW 2794

Council's guiding principles are detailed in Chapter 3 of the Local Government Act 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.cowracouncil.com.au

Cowra Shire Council

General Purpose Financial Statements for the year ended 30 June 2022

Statement by Councillors and Management

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.

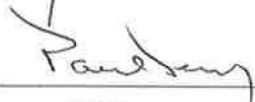
Signed in accordance with a resolution of Council made on 26 September 2022.



Cr WJ West
Mayor
26 September 2022



Cr JA Smith
Councillor
26 September 2022



Paul Devery
General Manager
26 September 2022



Michael Jones
Responsible Accounting Officer
26 September 2022

Cowra Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		16,731	13,543
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	78,387	6,582
Total items which will not be reclassified subsequently to the operating result		78,387	6,582
Total other comprehensive income for the year		78,387	6,582
Total comprehensive income for the year attributable to Council		95,118	20,125

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

Cowra Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	10,491	6,073
Investments	C1-2	27,771	26,421
Receivables	C1-4	4,816	4,476
Inventories	C1-5	1,418	1,510
Contract assets and contract cost assets	C1-6	829	1,287
Other		42	33
Total current assets		45,367	39,800
Non-current assets			
Inventories	C1-5	148	148
Infrastructure, property, plant and equipment (IPPE)	C1-7	710,121	618,519
Other		174	174
Total non-current assets		710,443	618,841
Total assets		755,810	658,641
LIABILITIES			
Current liabilities			
Payables	C3-1	3,158	2,306
Contract liabilities	C3-2	5,277	2,595
Borrowings	C3-3	1,447	1,384
Employee benefit provisions	C3-4	5,038	5,033
Total current liabilities		14,920	11,318
Non-current liabilities			
Borrowings	C3-3	13,852	15,299
Employee benefit provisions	C3-4	146	277
Provisions	C3-5	487	460
Total non-current liabilities		14,485	16,036
Total liabilities		29,405	27,354
Net assets		726,405	631,287
EQUITY			
Accumulated surplus	C4-1	228,120	211,389
IPPE revaluation reserve	C4-1	498,285	419,898
Council equity interest		726,405	631,287
Total equity		726,405	631,287

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

Cowra Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		211,389	419,898	631,287	197,846	413,316	611,162
Net operating result for the year		16,731	–	16,731	13,543	–	13,543
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	78,387	78,387	–	6,582	6,582
Other comprehensive income		–	78,387	78,387	–	6,582	6,582
Total comprehensive income		16,731	78,387	95,118	13,543	6,582	20,125
Closing balance at 30 June		228,120	498,285	726,405	211,389	419,898	631,287

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

Cowra Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
14,809	Rates and annual charges		14,825	14,261
12,650	User charges and fees		14,078	13,587
382	Interest received		236	343
24,549	Grants and contributions		24,160	15,153
–	Bonds, deposits and retentions received		334	131
2,152	Other		4,428	4,408
<i>Payments:</i>				
(14,954)	Payments to employees		(15,271)	(15,187)
(8,791)	Payments for materials and services		(14,337)	(14,654)
(1,029)	Borrowing costs		(1,029)	(1,106)
–	Bonds, deposits and retentions refunded		(215)	(108)
(3,798)	Other		(1,396)	(2,841)
25,970	Net cash flows from operating activities	G1-1	25,813	13,987
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		34,807	26,786
281	Sale of real estate assets		431	620
106	Proceeds from sale of IPPE		294	565
<i>Payments:</i>				
–	Purchase of investments		(34,807)	(26,786)
–	Acquisition of term deposits		(1,350)	(1,135)
(24,801)	Payments for IPPE		(19,386)	(12,824)
(24,414)	Net cash flows from investing activities		(20,011)	(12,774)
Cash flows from financing activities				
<i>Receipts:</i>				
1,904	Proceeds from borrowings		–	–
<i>Payments:</i>				
(1,384)	Repayment of borrowings		(1,384)	(1,309)
520	Net cash flows from financing activities		(1,384)	(1,309)
2,076	Net change in cash and cash equivalents		4,418	(96)
–	Cash and cash equivalents at beginning of year		6,073	6,169
2,076	Cash and cash equivalents at end of year	C1-1	10,491	6,073
24,066	plus: Investments on hand at end of year	C1-2	27,771	26,421
26,142	Total cash, cash equivalents and investments		38,262	32,494

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

Cowra Shire Council

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

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	22
B2-6 Other income	22
B3 Costs of providing services	23
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	24
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	25
B3-5 Other expenses	25
B4 Gains or losses	26
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	26
B5 Performance against budget	27
B5-1 Material budget variations	27
C Financial position	28
C1 Assets we manage	28
C1-1 Cash and cash equivalents	28
C1-2 Financial investments	29
C1-3 Restricted and allocated cash, cash equivalents and investments	30
C1-4 Receivables	32
C1-5 Inventories	33
C1-6 Contract assets and Contract cost assets	34
C1-7 Infrastructure, property, plant and equipment	35
C2 Leasing activities	39
C2-1 Council as a lessee	39
C2-2 Council as a lessor	40
C3 Liabilities of Council	41
C3-1 Payables	41
C3-2 Contract Liabilities	42
C3-3 Borrowings	43
C3-4 Employee benefit provisions	44
C3-5 Provisions	45
C4 Reserves	46

Cowra Shire Council

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

C4-1 Nature and purpose of reserves	46
D Council structure	47
D1 Results by fund	47
D1-1 Income Statement by fund	47
D1-2 Statement of Financial Position by fund	48
D2 Interests in other entities	49
D2-1 Unconsolidated structured entities	49
E Risks and accounting uncertainties	50
E1-1 Risks relating to financial instruments held	50
E2-1 Fair value measurement	53
E3-1 Contingencies	60
F People and relationships	63
F1 Related party disclosures	63
F1-1 Key management personnel (KMP)	63
F1-2 Councillor and Mayoral fees and associated expenses	64
F2 Other relationships	64
F2-1 Audit fees	64
G Other matters	65
G1-1 Statement of Cash Flows information	65
G2-1 Commitments	66
G3 Statement of developer contributions as at 30 June 2022	67
G3-1 Summary of developer contributions	67
G3-2 Developer contributions by plan	67
G4 Statement of performance measures	69
G4-1 Statement of performance measures – consolidated results	69
G4-2 Statement of performance measures by fund	70
H Additional Council disclosures (unaudited)	72
H1-1 Council information and contact details	72

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 26 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

COVID-19 Impacts

During the 2022 financial year, Covid-19 has continued to cause a disruption to Council's business practices with a number of staff working remotely from home or at other Council facilities away from the main administration building when required. Whilst this has caused some inconvenience it has not resulted in significant additional cost. Some costs have been incurred for additional equipment and staff salaries for employees required to isolate.

Some additional costs have been incurred in cleaning of council facilities.

Overall the financial impact has not been significant and is not anticipated to increase in future years.

Council is of the view that physical non-current assets will not experience substantial declines in value due to COVID-19. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to COVID-19.

For assets where fair value is determined by market value Council has no evidence of material changes to these values.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.

A1-1 Basis of preparation (continued)

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 property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

- General purpose operations
- Water service
- Sewerage service
- Waste Fund

The Trust Fund

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

Trust monies and property subject to Council's control have been included in these reports.

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

Goods and Services Tax (GST)

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

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

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 make use of volunteer services for its operations and therefore no income or expenses have been bought in.

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

None of those newly adopted standards had an impact on Council's reported financial position, financial performance and/or associated financial statement.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
Civic Activities	62	27	979	532	(917)	(505)	16	–	–	–
Administration	267	733	4,212	6,674	(3,945)	(5,941)	161	10	31,715	29,344
Public Order and Safety	4,300	1,567	1,210	888	3,090	679	4,199	1,450	9,671	4,324
Health	–	16	–	2	–	14	–	4	905	751
Environment	5,736	5,841	5,364	3,912	372	1,929	293	199	28,825	26,980
Community Services and Education	65	2	231	154	(166)	(152)	63	2	688	577
Housing and community amenities	1,321	1,902	2,650	3,286	(1,329)	(1,384)	267	1,250	2,796	2,827
Water Supplies	11,759	6,621	7,313	5,669	4,446	952	5,540	463	93,475	74,355
Sewerage services	3,853	10,253	3,549	2,647	304	7,606	22	6,506	54,452	47,217
Recreation and culture	964	1,363	4,058	4,582	(3,094)	(3,219)	578	1,003	40,959	31,924
Mining, manufacture and construction	–	274	70	95	(70)	179	–	323	494	382
Transport and communications	5,765	5,245	3,107	5,807	2,658	(562)	4,858	5,186	486,857	435,768
Economic affairs	5,964	5,992	4,566	4,201	1,398	1,791	–	537	4,973	4,294
General purpose income	13,984	12,156	–	–	13,984	12,156	6,581	4,869	–	–
Other	–	–	–	–	–	–	–	–	–	(102)
Total functions and activities	54,040	51,992	37,309	38,449	16,731	13,543	22,578	21,802	755,810	658,641

B1-2 Components of functions or activities

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

Civic Activities

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 policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

Administration

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

Public Order and Safety

Fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

Health

Inspection & food control.

Environment

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

Community Services and Education

Youth services; aged and disabled persons services.

Housing and community amenities

Public cemeteries; public conveniences; street lighting; town planning; housing and other community amenities.

Water Supplies

Sewerage services

Recreation and culture

Public libraries; art galleries; community centres and halls, sporting grounds and venues; swimming pools; parks; gardens; and cultural services.

Mining, manufacture and construction

Building control, quarries and pits.

Transport and communications

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

Economic affairs

Caravan parks; tourism and area promotion; industrial development promotion; sale yards; real estate development; and other business undertakings.

General purpose income

Includes rates and annual charges excluding water and sewer, non-capital general purpose grants, interest on overdue rates and charges, and interest on investments excluding externally restricted assets.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	2,683	2,603
Farmland	3,204	3,133
Mining	21	21
Business	1,406	1,377
Less: pensioner rebates (mandatory)	(183)	(185)
Rates levied to ratepayers	7,131	6,949
Pensioner rate subsidies received	101	102
Total ordinary rates	7,232	7,051
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	2,688	2,589
Water supply services	1,904	1,832
Sewerage services	2,963	2,876
Waste management services (non-domestic)	256	237
Less: pensioner rebates (mandatory)	(355)	(353)
Annual charges levied	7,456	7,181
Pensioner subsidies received:		
– Water	63	63
– Sewerage	42	42
– Domestic waste management	90	89
Total annual charges	7,651	7,375
Total rates and annual charges	14,883	14,426
Timing of revenue recognition for rates and annual charges		
Rates and annual charges recognised at a point in time	14,883	14,426
Total rates and annual charges	14,883	14,426

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	2022	2021
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Water supply services	4,140	4,255
Sewerage services	707	758
Total specific user charges	4,847	5,013
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	399	426
Private works – section 67	53	155
Total fees and charges – statutory/regulatory	452	581
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	–	2
Caravan park	597	749
Cemeteries	343	265
Community centres	195	110
Library and art gallery	4	–
Refuse and effluent disposal	149	–
Transport for NSW works (state roads not controlled by Council)	4,847	3,445
Saleyards	467	482
Sundry sales	75	27
Swimming centres	147	199
Waste disposal tipping fees	975	953
Water connection fees	184	59
Other	62	158
Total fees and charges – other	8,045	6,449
Total other user charges and fees	8,497	7,030
Total user charges and fees	13,344	12,043
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	13,344	12,043
Total user charges and fees	13,344	12,043

Accounting policy

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

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

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

B2-3 Other revenues

\$ '000	2022	2021
Fines	25	27
Diesel rebate	96	95
Insurance claims recoveries	–	50
Recycling income (non-domestic)	1,783	1,929
Cultural and community activities	27	42
Insurance rebate	49	45
Lease back contributions	117	123
Rural Fire Service reimbursement	54	59
Other	–	45
Total other revenue	2,151	2,415
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	2,151	2,415
Total other revenue	2,151	2,415

Accounting policy for other revenue

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

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

Fines are recognised when the penalty is paid.

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

B2-4 Grants and contributions

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,764	1,618	–	–
Financial assistance – local roads component	805	733	–	–
Payment in advance - future year allocation				
Financial assistance – general component	2,761	1,733	–	–
Financial assistance – local roads component	1,251	785	–	–
Amount recognised as income during current year	6,581	4,869	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Waste Management	–	–	–	105
Water supplies	44	–	5,438	424
Community care	63	6	–	–
Community centres	–	893	260	401
Economic development	–	2	–	50
Employment and training programs	136	10	–	–
Environmental programs	99	94	80	–
Heritage and cultural	7	36	–	–
Library	98	95	–	–
LIRS subsidy	30	39	–	–
NSW rural fire services	–	–	2,725	527
Street lighting	157	66	–	–
Recreation and culture	37	90	467	673
Transport (other roads and bridges funding)	44	700	2,512	2,499
Transport (roads to recovery)	1,210	1,297	–	–
Community services	8	–	–	–
Roads and bridges	–	689	–	–
Transport for NSW contributions (regional roads, block grant)	535	535	400	–
Tourism	10	–	–	–
Total special purpose grants and non-developer contributions – cash	2,478	4,552	11,882	4,679
Non-cash contributions				
Bushfire services	–	–	1,474	923
Sewerage (excl. section 64 contributions)	–	–	–	6,506
Total other contributions – non-cash	–	–	1,474	7,429
Total special purpose grants and non-developer contributions (tied)	2,478	4,552	13,356	12,108
Total grants and non-developer contributions	9,059	9,421	13,356	12,108
Comprising:				
– Commonwealth funding	7,826	7,084	1,033	1,159
– State funding	1,135	1,609	12,323	10,601
– Other funding	98	728	–	348
	9,059	9,421	13,356	12,108

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G3				
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	44	25
S 7.12 – fixed development consent levies		–	–	69	149
S 64 – water supply contributions		–	–	28	42
S 64 – sewerage service contributions		–	–	22	57
Total developer contributions – cash		–	–	163	273
Total developer contributions		–	–	163	273
Total contributions		–	–	163	273
Total grants and contributions		9,059	9,421	13,519	12,381
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		–	1,661	8,676	4,102
Grants and contributions recognised at a point in time		9,059	7,760	4,843	8,279
Total grants and contributions		9,059	9,421	13,519	12,381

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions (non-developer)				
Unspent funds at 1 July	617	556	2,536	602
Add: operating grants recognised as income in the current period but not yet spent	415	509	–	–
Add: Funds received and not recognised as revenue in the current year	–	65	5,071	2,263
Less: capital grants recognised in a previous reporting period now spent	(489)	(54)	–	(4)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(51)	(459)	(2,338)	(325)
Unspent funds at 30 June	492	617	5,269	2,536
Contributions (developer)				
Unspent funds at 1 July	–	–	184	191
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	163	184
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(184)	(191)
Unspent contributions at 30 June	–	–	163	184

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 milestones. 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

B2-4 Grants and contributions (continued)

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	117	51
– Cash and investments	144	228
Total interest and investment income	261	279
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	42	24
General Council cash and investments	129	213
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	1	1
Water fund operations	36	16
Sewerage fund operations	36	21
Domestic waste management operations	17	4
Total interest and investment income	261	279

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Rental income			
Other lease income			
Aerodrome land		32	30
Fire Control Centre		4	8
Housing		–	6
Treatment Works land		12	12
Visitors Centre & Cafe		44	74
Other Council properties		114	34
Total other lease income		206	164
Total rental income	C2-2	206	164
Total other income		206	164

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	12,149	12,159
Employee leave entitlements (ELE)	2,309	2,390
Superannuation – defined contribution plans	1,248	1,179
Superannuation – defined benefit plans	248	269
Workers' compensation insurance	502	369
Fringe benefit tax (FBT)	22	24
Total employee costs	16,478	16,390
Less: capitalised costs	(1,213)	(1,085)
Total employee costs expensed	15,265	15,305

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	2022	2021
Raw materials and consumables		4,558	8,834
Contractor and consultancy costs		4,637	1,724
Audit Fees	F2-1	64	74
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	179	148
Advertising		225	115
Bank charges		43	51
Electricity and heating		1,091	840
Insurance		469	442
Office expenses (including computer expenses)		50	58
Postage		17	51
Printing and stationery		45	46
Street lighting		143	297
Telephone and communications		229	227
Valuation fees		59	53
Travel expenses		46	10
Training costs (other than salaries and wages)		116	205
Legal expenses:			
– Legal expenses: planning and development		13	76
– Legal expenses: other		34	56
Expenses from leases of low value assets		50	84
Total materials and services		12,068	13,391
Total materials and services		12,068	13,391

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on loans		1,025	1,097
Total interest bearing liability costs		1,025	1,097
Total interest bearing liability costs expensed		1,025	1,097
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	27	26
Total other borrowing costs		27	26
Total borrowing costs expensed		1,052	1,123

Accounting policy

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

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		1,305	1,525
Office equipment		55	17
Furniture and fittings		4	6
Infrastructure:	C1-7		
– Buildings		726	709
– Roads		1,424	1,373
– Bridges		144	144
– Footpaths		127	83
– Other road assets		51	50
– Stormwater drainage		277	277
– Water supply network		1,972	1,924
– Sewerage network		885	722
– Swimming pools		122	74
– Other open space/recreational assets		174	140
– Aerodrome		50	50
Other assets:			
– Other		316	267
Reinstatement, rehabilitation and restoration assets:			
– Quarry asset	C3-5,C1-7	5	5
Total gross depreciation and amortisation costs		7,637	7,366
Total depreciation and amortisation costs		7,637	7,366
Total depreciation, amortisation and impairment for non-financial assets		7,637	7,366

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

Other assets 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-5 Other expenses

\$ '000	2022	2021
Other		
Contributions/levies to other levels of government	930	899
Emergency services levy (includes FRNSW, SES, and RFS levies)	357	365
Total other	1,287	1,264
Total other expenses	1,287	1,264

Accounting policy

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

B4 Gains or losses

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

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		294	565
Less: carrying amount of plant and equipment assets sold/written off		(8)	(217)
Gain (or loss) on disposal		286	348
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		431	620
Less: carrying amount of real estate assets sold/written off		(100)	(105)
Gain (or loss) on disposal		331	515
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		34,807	26,786
Less: carrying amount of investments sold/redeemed/matured		(34,807)	(26,786)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		617	863

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 28/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Operating grants and contributions	7,021	9,059	2,038	29% F
The Financial Assistance Grant received by Council was \$1,572,296 more than originally budgeted, largely due to receiving 75% of the 2022/23 allocation in advance instead of the budgeted 50%.				
The Roads to Recovery funding received by Council was \$294,760 more than originally budgeted due to timing of works across the five year program.				
Capital grants and contributions	17,528	13,519	(4,009)	(23)% U
The Safe & Secure Water Grant received by Council for the construction of an emergency drought pipeline was \$3,562,165 less than originally budgeted due to the project being still in progress as at 30 June.				
Interest and investment revenue	382	261	(121)	(32)% U
Council's interest on investment revenue was \$143,218 less than originally budgeted due to persistent low interest rates throughout the year.				
Net gains from disposal of assets	281	617	336	120% F
Council made a profit of \$285,882 on sale of plant which was not included in Council's original budget due to the difficulty of forecasting sales prices.				
Other income	165	206	41	25% F
Lease income was higher than budgeted due to a higher number of Council properties being leased.				

Statement of cash flows

Cash flows from investing activities	(24,414)	(20,011)	4,403	(18)% F
Capital expenditure was less than originally budgeted primarily due the emergency drought pipeline being unfinished at 30 June.				
Cash flows from financing activities	520	(1,384)	(1,904)	(366)% U
Council did not take up the loan borrowings that were budgeted.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	4,491	3,173
Cash equivalent assets		
– Deposits at call	4,500	2,300
– Short-term deposits	1,500	600
Total cash and cash equivalents	10,491	6,073

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	10,491	6,073
Balance as per the Statement of Cash Flows	10,491	6,073

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes 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.

C1-2 Financial investments

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Long term deposits	27,771	–	26,421	–
Total	27,771	–	26,421	–
Total financial investments	27,771	–	26,421	–
Total cash assets, cash equivalents and investments	38,262	–	32,494	–

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

Council classifies all its financial assets as loans and receivable.

Amortised cost

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

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

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

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	38,262	32,494
Cash, cash equivalents and investments not subject to external restrictions	14,975	12,054
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	2,226	2,206
Specific purpose unexpended grants – water fund	3,051	389
External restrictions – included in liabilities	5,277	2,595
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	82	126
Developer contributions – sewer fund	81	58
Specific purpose unexpended grants – general fund	484	558
Water fund	6,281	7,105
Sewer fund	8,442	7,466
Sewerage services – Wyangala Sewerage Treatment Plant	1,491	1,638
Domestic waste management	1,149	894
External restrictions – other	18,010	17,845
Total external restrictions	23,287	20,440

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

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

\$ '000	2022	2021
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	2,684	2,203
Infrastructure (Built Asset) replacement	1,249	2,505
Employees leave entitlement	1,022	1,005
Carry over works	411	315
Deposits, retentions and bonds	611	492
Art Gallery	3	3
Bad debts	67	59
Business assistance	77	119
Caravan Park	965	811
Depot redevelopment	80	101
Election	42	127
Environmental projects	-	8
Financial assistance advance payment	4,012	2,518
Fire mitigation	-	16
Gravel rehabilitation	399	339
Lachlan River precinct	141	141
Main St improvements	-	69
Pedestrian and cycle plan	50	50
Saleyards	25	52
RMS Warranty	250	250
Waste Long Service Leave	113	102
Statewide	116	116
Statecover	160	163
Civic Centre	11	7
Peace Precinct	8	8
Total internal allocations	12,496	11,579

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

C1-4 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	2,558	–	2,430	–
User charges and fees	1,813	–	1,684	–
Private works	13	–	–	–
Accrued revenues				
– Interest on investments	68	–	43	–
– Other income accruals	–	–	85	–
Deferred debtors	6	–	6	–
Government grants and subsidies	154	–	70	–
Net GST receivable	217	–	169	–
Other debtors	–	–	2	–
Total	4,829	–	4,489	–
Less: provision for impairment				
User charges and fees	(13)	–	(13)	–
Total provision for impairment – receivables	(13)	–	(13)	–
Total net receivables	4,816	–	4,476	–

Accounting policy

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

Impairment

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

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

Covid 19

Council's rate and user charges collections have not been significantly impacted by the Covid 19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale	449	148	549	148
Stores and materials	969	–	961	–
Total inventories at cost	1,418	148	1,510	148
Total inventories	1,418	148	1,510	148

(i) Other disclosures

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(a) Details for real estate development				
Residential	–	148	–	148
Industrial/commercial	449	–	549	–
Total real estate for resale	449	148	549	148

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	829	-	1,287	-
Total contract assets and contract cost assets	829	-	1,287	-

Contract assets

Other	829	-	1,287	-
Total contract assets	829	-	1,287	-

Significant changes in contract assets

There were numerous new grant funded programs that had not reached milestones and therefore not invoiced as at 30 June.

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	4,872	–	4,872	1,604	6,090	–	–	(4,071)	–	–	8,495	–	8,495
Plant and equipment	25,408	(17,320)	8,088	–	1,840	(8)	(1,305)	9	–	–	26,602	(17,978)	8,624
Office equipment	400	(70)	330	196	62	–	(55)	17	–	–	675	(125)	550
Furniture and fittings	55	(47)	8	–	–	–	(4)	–	–	–	55	(51)	4
Land:													
– Operational land	7,431	–	7,431	–	–	–	–	–	–	5,130	12,561	–	12,561
– Community land	16,413	–	16,413	–	–	–	–	–	–	5,835	22,248	–	22,248
Infrastructure:													
– Buildings	35,996	(18,083)	17,913	578	4,075	–	(726)	992	–	2,815	47,537	(21,890)	25,647
– Roads	137,449	(37,457)	99,992	4,181	406	–	(1,424)	1,081	–	10,281	157,454	(42,937)	114,517
– Bridges	26,722	(5,180)	21,542	–	–	–	(144)	–	–	2,232	29,509	(5,879)	23,630
– Footpaths	14,080	(2,795)	11,285	148	35	–	(127)	82	–	1,164	15,814	(3,227)	12,587
– Other road assets	2,506	(687)	1,819	21	–	–	(51)	450	–	–	2,978	(739)	2,239
– Bulk earthworks (non-depreciable)	289,732	–	289,732	–	–	–	–	–	–	30,219	319,951	–	319,951
– Stormwater drainage	36,922	(11,018)	25,904	10	–	–	(277)	96	–	1,717	39,502	(12,052)	27,450
– Water supply network	128,885	(65,370)	63,515	949	237	–	(1,972)	739	–	12,318	145,777	(69,991)	75,786
– Sewerage network	61,605	(26,137)	35,468	77	5	–	(885)	116	–	6,168	63,372	(22,423)	40,949
– Swimming pools	4,500	(2,700)	1,800	–	–	–	(122)	–	–	163	4,936	(3,095)	1,841
– Other open space/recreational assets	5,125	(1,981)	3,144	29	264	–	(174)	287	3	–	5,709	(2,156)	3,553
– Aerodrome	4,603	(1,242)	3,361	–	–	–	(50)	91	–	345	5,173	(1,426)	3,747
Other assets:													
– Other	9,043	(3,222)	5,821	30	23	–	(316)	111	(3)	–	9,204	(3,538)	5,666
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Quarry assets	174	(93)	81	–	–	–	(5)	–	–	–	174	(98)	76
Total infrastructure, property, plant and equipment	811,921	(193,402)	618,519	7,823	13,037	(8)	(7,637)	–	–	78,387	917,726	(207,605)	710,121

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	5,846	–	5,846	2,650	1,047	–	–	(4,671)	–	–	4,872	–	4,872
Plant and equipment	24,021	(17,416)	6,605	–	3,225	(217)	(1,525)	–	–	–	25,408	(17,320)	8,088
Office equipment	138	(53)	85	14	248	–	(17)	–	–	–	400	(70)	330
Furniture and fittings	55	(42)	13	–	–	–	(5)	–	–	–	55	(47)	8
Land:													
– Operational land	5,631	–	5,631	–	–	–	–	–	1,800	–	7,431	–	7,431
– Community land	14,468	–	14,468	–	–	–	–	–	(1,800)	3,745	16,413	–	16,413
Infrastructure:													
– Buildings	35,316	(17,375)	17,941	145	–	–	(709)	536	–	–	35,996	(18,083)	17,913
– Roads	134,563	(36,084)	98,479	2,459	346	–	(1,373)	81	–	–	137,449	(37,457)	99,992
– Bridges	26,721	(5,035)	21,686	–	–	–	(144)	–	–	–	26,722	(5,180)	21,542
– Footpaths	9,840	(2,713)	7,127	1,021	154	–	(83)	3,066	–	–	14,080	(2,795)	11,285
– Other road assets (including bulk earthworks)	2,494	(637)	1,857	12	–	–	(50)	–	–	–	2,506	(687)	1,819
– Bulk earthworks (non-depreciable)	289,732	–	289,732	–	–	–	–	–	–	–	289,732	–	289,732
– Stormwater drainage	36,864	(10,741)	26,123	55	–	–	(277)	3	–	–	36,922	(11,018)	25,904
– Water supply network	126,340	(62,867)	63,473	1,022	66	–	(1,924)	294	–	584	128,885	(65,370)	63,515
– Sewerage network	53,784	(25,183)	28,601	755	6,523	–	(722)	48	–	263	61,605	(26,137)	35,468
– Swimming pools	2,319	(1,459)	860	–	–	–	(74)	–	–	1,014	4,500	(2,700)	1,800
– Aerodrome	4,603	(1,192)	3,411	–	–	–	(50)	–	–	–	4,603	(1,242)	3,361
– Other open space/recreational assets	4,066	(2,241)	1,825	146	110	–	(140)	511	–	692	5,125	(1,981)	3,144
Other assets:													
– Other	7,733	(2,316)	5,417	219	36	–	(267)	132	–	284	9,043	(3,222)	5,821
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Quarry assets	174	(87)	87	–	–	–	(6)	–	–	–	174	(93)	81
Total infrastructure, property, plant and equipment	784,708	(185,441)	599,267	8,498	11,755	(217)	(7,366)	–	–	6,582	811,921	(193,402)	618,519

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

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

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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

Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	4	Playground equipment	5 to 15
Office furniture	20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50
Other plant and equipment	5 to 30		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	100
Bores	20 to 40	Culverts	50 to 75
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	62	Bulk earthworks	infinite
Sealed roads: structure	166	Swimming pools	50
Unsealed roads	55	Other open space/recreational assets	50 to 100
Bridge: concrete	75 to 250	Other infrastructure	5 to 100

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

For the year ended 30 June 2022 the following other asset categories were also indexed back to the date of their most recent revaluations:

- Operational and community land (based on Valuer General land value summaries)
- Buildings (based on NSW Consumer Price Index for non-residential building construction)
- Swimming pool (based on NSW Consumer Price Index for non-residential building construction)
- Roads, bridges, footpaths, and bulk earthworks (based on NSW Consumer Price Index for road and bridge construction)
- Stormwater drainage (based on the NSW Reference Rates Manual Water and Sewerage Construction Cost Indices)

Increases in the carrying amounts arising on revaluation are credited to the IPPE revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as

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

profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

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

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

Crown reserves

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

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land, buildings, plant and vehicles.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including survey and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Office and IT equipment

Leases for photocopiers and IT equipment are considered low value assets. The leases range from 4 to 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Income Statement

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

\$ '000	2022	2021
Expenses relating to low-value leases	50	84
	50	84

(b) Statement of Cash Flows

Total cash outflow for leases	50	84
	50	84

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

Council has a lease at significantly below market for a parcel of land used as a carpark.

The lease fee is \$10 per annum. The use of the right-to-use asset is restricted by the lessors to specified for carparking which Council must provide, these services are detailed in the leases.

Council does not believe that the lease is material from a statement of financial position or performance perspective.

Accounting policy

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

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

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.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to community groups and to private individuals for grazing purposes; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E.

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

\$ '000	2022	2021
(ii) Assets held as property, plant and equipment		
Council provides operating leases on Council buildings for the purpose of community groups and grazing licences, the table below relates to operating leases on assets disclosed in C1-7.		
Lease income (excluding variable lease payments not dependent on an index or rate)	206	164
Total income relating to operating leases for Council assets	206	164

Amount of IPPE leased out by Council under operating leases

Land	7,115	4,364
Buildings	4,479	3,683
Total amount of IPPE leased out by Council under operating leases	11,594	8,047

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

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

< 1 year	164	202
1–2 years	120	78
2–3 years	85	66
3–4 years	84	30
4–5 years	33	30
> 5 years	51	80
Total undiscounted lease payments to be received	537	486

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services – operating expenditure	1,491	–	972	–
Accrued expenses:				
– Borrowings	70	–	74	–
– Salaries and wages	120	–	–	–
– Other expenditure accruals	227	–	199	–
Security bonds, deposits and retentions	611	–	492	–
Prepaid rates	639	–	569	–
Total payables	3,158	–	2,306	–

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	5,253	-	2,520	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	24	-	75	-
Total grants received in advance		5,277	-	2,595	-
Total contract liabilities		5,277	-	2,595	-

Notes

(i) Council has received funding to construct or upgrade assets including roads, bridges, footpaths and a water supply pipeline. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

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

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

\$ '000	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,338	325
Operating grants (received prior to performance obligation being satisfied)	51	459
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,389	784

Significant changes in contract liabilities

The majority of the contract liabilities from 2020/21 were spent. Council received several large grants that could not be spent in the financial year including Fixing Local Roads, Public Open Spaces and Safe and Secure Water.

Accounting policy

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

C3-3 Borrowings

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured ¹	1,447	13,852	1,384	15,299
Total borrowings	1,447	13,852	1,384	15,299

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E2-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	16,683	(1,384)	–	–	–	–	15,299
Total liabilities from financing activities	16,683	(1,384)	–	–	–	–	15,299

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	17,992	(1,309)	–	–	–	–	16,683
Total liabilities from financing activities	17,992	(1,309)	–	–	–	–	16,683

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	60	60
Total financing arrangements	560	560
Drawn facilities		
– Credit cards/purchase cards	22	14
Total drawn financing arrangements	22	14
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	38	46
Total undrawn financing arrangements	538	546

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

Accounting policy

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

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

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or

C3-3 Borrowings (continued)

transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	1,676	–	1,648	–
Long service leave	3,319	146	3,385	277
Time in lieu	43	–	–	–
Total employee benefit provisions	5,038	146	5,033	277

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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,744	3,600
	3,744	3,600

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 and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

\$ '000	2022		2021	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	487	–	460
Sub-total – asset remediation/restoration	–	487	–	460
Total provisions	–	487	–	460

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2022		
At beginning of year	460	460
Unwinding of discount	27	27
Total other provisions at end of year	487	487
2021		
At beginning of year	434	434
Unwinding of discount	26	26
Total other provisions at end of year	460	460

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 and quarry 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.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	10,103	1,852	2,928
User charges and fees	8,159	4,330	855
Interest and investment revenue	189	36	36
Other revenues	2,139	–	12
Grants and contributions provided for operating purposes	8,985	74	–
Grants and contributions provided for capital purposes	8,031	5,466	22
Net gains from disposal of assets	617	–	–
Other income	206	–	–
Total income from continuing operations	38,429	11,758	3,853
Expenses from continuing operations			
Employee benefits and on-costs	13,750	1,083	432
Materials and services	6,665	3,685	1,718
Borrowing costs	274	275	503
Depreciation, amortisation and impairment of non-financial assets	4,739	2,003	895
Other expenses	1,019	267	1
Total expenses from continuing operations	26,447	7,313	3,549
Operating result from continuing operations	11,982	4,445	304
Net operating result for the year	11,982	4,445	304
Net operating result attributable to each council fund	11,982	4,445	304
Net operating result for the year before grants and contributions provided for capital purposes	3,951	(1,021)	282

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	7,066	1,832	1,593
Investments	11,850	7,500	8,421
Receivables	2,333	1,808	675
Inventories	1,418	–	–
Contract assets and contract cost assets	784	45	–
Other	42	–	–
Total current assets	23,493	11,185	10,689
Non-current assets			
Inventories	148	–	–
Infrastructure, property, plant and equipment	584,069	82,290	43,762
Other	174	–	–
Total non-current assets	584,391	82,290	43,762
Total assets	607,884	93,475	54,451
LIABILITIES			
Current liabilities			
Payables	3,033	67	58
Contract liabilities	2,226	3,051	–
Borrowings	656	633	158
Employee benefit provision	4,637	339	62
Total current liabilities	10,552	4,090	278
Non-current liabilities			
Borrowings	4,400	3,511	5,941
Employee benefit provision	109	27	10
Provisions	487	–	–
Total non-current liabilities	4,996	3,538	5,951
Total liabilities	15,548	7,628	6,229
Net assets	592,336	85,847	48,222
EQUITY			
Accumulated surplus	176,160	22,217	29,743
Revaluation reserves	416,176	63,630	18,479
Council equity interest	592,336	85,847	48,222
Total equity	592,336	85,847	48,222

D2 Interests in other entities

D2-1 Unconsolidated structured entities

Council did not consolidate the following structured entities:

\$ '000	2022	2021
Cowra Tourism		
Council contributes to the operation of Cowra Tourism and has an agreement to provide financial support. The agreement expired on 30 June 2022.		
Nature of risks relating to the Unconsolidated Structured Entity		
Council currently contributes \$351,916 to the operation of the organisation including part funding of an Events Management Officer, and donation of 71.6% of rent.		
Council has no obligation to meet any costs other than the contribution amount.		
Losses (or expenses) incurred by Council relating to the Structured Entity	352	316

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

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.
- **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	2022	2021
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	383	325

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

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

Council makes suitable provision for doubtful receivables as required.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2022				
Gross carrying amount	594	1,841	123	2,558
2021				
Gross carrying amount	540	1,810	80	2,430

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	2,941	130	2	2	25	3,100
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	72.00%	0.58%
ECL provision	–	–	–	–	18	18
2021						
Gross carrying amount	3,227	99	2	–	18	3,346
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	72.00%	0.39%
ECL provision	–	–	–	–	13	13

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

(c) Liquidity risk

Payables 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 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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	611	2,547	–	–	3,158	3,158
Borrowings	6.36%	–	2,391	7,013	14,437	23,841	15,299
Total financial liabilities		611	4,938	7,013	14,437	26,999	18,457
2021							
Payables	0.00%	492	1,814	–	–	2,306	2,306
Borrowings	5.65%	–	2,405	8,019	15,822	26,246	16,683
Total financial liabilities		492	4,219	8,019	15,822	28,552	18,989

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					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		–	–	8,624	8,088	8,624	8,088
Office furniture		–	–	550	330	550	330
Furniture and fittings		–	–	4	8	4	8
Operational land		2,817	1,729	9,744	5,702	12,561	7,431
Community land		–	–	22,248	16,413	22,248	16,413
Buildings		642	573	25,005	17,340	25,647	17,913
Roads		–	–	114,517	99,992	114,517	99,992
Bridges		–	–	23,629	21,542	23,629	21,542
Footpaths		–	–	12,587	11,285	12,587	11,285
Other Road Assets		–	–	2,240	1,819	2,240	1,819
Bulk earthworks		–	–	319,951	289,732	319,951	289,732
Stormwater drainage		–	–	27,450	25,903	27,450	25,903
Water supply		–	–	75,786	63,515	75,786	63,515
Sewerage network		–	–	40,948	35,468	40,948	35,468
Swimming pools		–	–	1,841	1,800	1,841	1,800
Other recreational assets		–	–	3,553	3,144	3,553	3,144
Other assets		–	–	5,667	5,821	5,667	5,821
Quarry assets		–	–	76	81	76	81
Aerodrome		–	–	3,747	3,361	3,747	3,361
Work in Progress		–	–	8,495	4,873	8,495	4,873
Total infrastructure, property, plant and equipment		3,459	2,302	706,662	616,217	710,121	618,519

Valuation techniques

E2-1 Fair value measurement (continued)

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

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

Infrastructure, property, plant and equipment (IPPE)

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

Valuation Techniques: 'Cost approach'

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

Plant and Equipment are valued at cost but are disclosed at fair value.

Office Equipment – Computers, servers

Valuation Techniques: 'Cost approach'

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

Office Equipment is valued at cost but is disclosed at fair value.

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

Valuation Techniques: 'Cost approach'

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

Furniture and Fittings are valued at cost but are disclosed at fair value.

Operational Land – Industrial land, quarries, aerodrome, depot.

Valuation Techniques: 'Market approach'

Inputs Used (Levels 2 and 3): Land area and characteristics, rate per square metre, zoning restrictions, geographical location, sales of comparable land, proximity to services.

Council's Operational Land was valued by Australis Asset Advisory Group, to inspect, analyse, compare with related assets and to provide a comprehensive valuation in accordance with AASB and OLG as at 30 June 2018.

Under the NSW Legislation we have considered the subject land and the surrounding land to determine the form of valuation, taking into account the land characteristics, location, zoning, proximity to services. Market Value of Land as stated as per the Australian Property Institute in accordance with the guidelines "... the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion." "Asset includes property." Council has identified the subject property by a copy of the location map and the plans provided by Cowra Council and based upon our visual inspection.

At 30 June 2022, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

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

Valuation Techniques: 'Market approach' adjusted for restrictions

Inputs Used (Level 3): The NSW Valuer General's valuations (as at 30 June 2021)

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

Community Land:

- Cannot be sold;
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years; and

E2-1 Fair value measurement (continued)

- Must have a plan of management for it.

At 30 June 2022, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Buildings – Community halls, toilet blocks, council offices, library, civic centre, works depot

Valuation Techniques: 'Cost approach'

Inputs Used (Levels 2 and 3): Unit rates, useful life, asset condition, use of site, zoning and other restrictions

Council's buildings were valued at fair value as at 30th June 2018 in accordance with Compiled Accounting Standard AASB116 Property, Plant and Equipment, the guidance contained in the NSW Treasury Accounting Policy tpp 07-1 and the NSW Department of Local Government Guidelines. 'Fair value' is the best estimate of the price reasonably obtainable in the market at the date of valuation. As defined in AASB 116, it is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction".

Council's Buildings were valued by Australis Asset Advisory Group as at 30 June 2018. Australis provided a valuation for each building based on applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology.

Australis Asset Advisory Group estimated the Total Life and Residual Life of each building/structure and, where the building is considered a complex asset, for each component, as they have useful lives different from those of the non-current assets to which they relate. In regard to componentisation, Paragraph 43 of AASB116 requires each part of the asset with a cost that is significant in relation to the asset be depreciated separately (structure, internal finishes, electrical services, mechanical services, fire/security and roof).

At 30 June 2022, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Roads – Road surface, pavement, formation, major earthworks

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's road infrastructure assets were last valued on 30 June 2020 by APV Valuers & Asset Management. As per Paragraph 43 of AASB116, Council's roads infrastructure assets were segmented and componentised into the following categories (each representing a significant part of the overall asset):

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

Roads – Sealed and Unsealed, Culverts and Kerb Gutter

Valuations were performed by APV Valuers & Asset Management using the assets data in Council's Asset Management System.

At 30 June 2022, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Bridges – (excluding culverts under 6 metres in length)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's bridge infrastructure assets were last valued on 30 June 2020 by APV Valuers & Asset Management.

At 30 June 2022, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Footpaths – Footways including cycleways

E2-1 Fair value measurement (continued)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's bridge infrastructure assets were last valued on 30 June 2020 by APV Valuers & Asset Management.

At 30 June 2022, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Stormwater Drainage – includes pits, drains

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's bridge infrastructure assets were last valued on 30 June 2020 by APV Valuers & Asset Management

At 30 June 2022, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Water Supply – water mains, pump stations, treatment plant, reservoirs, meters

Valuation Techniques: 'Cost approach'

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

Council's water supply assets were valued by Australis Asset Advisory Group as at 30 June 2022. The valuation was based on the Department of Primary Industries Water (DPIW) Reference Rates Manual.

The asset register was compiled in 2012 using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

Unit rates were applied across the network. Condition data was then applied to each individual asset to provide a written down value.

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

Valuation Techniques: 'Cost approach'

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

Council's sewerage network assets were valued by Australis Asset Advisory Group as at 30 June 2022. The valuation was based on the Department of Primary Industries Water (DPIW) Reference Rates Manual.

The asset register was compiled in 2012 using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

Unit rates were applied across the network. Condition data was then applied to each individual asset to provide a written down value.

Swimming Pool Council's swimming pool was last valued as at 30 June 2021 based on pool upgrade feasibility reports produced by a consultant.

At 30 June 2022, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Other Assets – Structures, Skate Park, Netball Courts, Cricket Nets, Basketball Courts, Caravan Park Cabins, Play Units, Memorials and Sheds

Council's other assets have been revalued in house by council staff as at 30 June 2021.

By using a combination of market information, unit rates and an expert knowledge in that area. The fair value was assessed by identifying individual assets, location and its services to the public.

Structures and shelters were valued by an independent valuer (Scott Fullarton Valuations Pty Ltd). The process included inspection, analysis and comparison with related assets and to provide a comprehensive valuation in accordance with AASB and OLG. The Gross Replacement Value is determined as at the date of valuation to allow for replacement with similar improvements in a condition equal to, but not better nor more extensive than, its condition when new. An additional allowance is

E2-1 Fair value measurement (continued)

made for professional costs such as architect, surveyor and consulting engineer fees. If the date of valuation differs significantly from the policy commencement date, then an adjustment to the value may be necessary.

BBQs - Market price based on quotation.

Balance of the assets in this class are based on internal knowledge of Manager – Cowra Services and Manager – Assets.

Quarry Assets – Reinstatement, rehabilitation and restoration

Valuation Techniques: 'Cost approach'

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

It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill and quarry sites. Closure of the landfill and quarry sites will involve a wide range of activities including final capping of the landfill waste and site re-vegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post-closure operation.

Valuations are based on actual timing of costs and future environmental management requirement.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

c. The valuation process for level 3 fair value measurements

The valuation processes have been described above.

Management determines who will undertake the valuations.

The level 3 valuations are reviewed by councils assets and finance staff post valuation.

Valuations are undertaken in house with the exception of Operational Land, Buildings, Roads including bridges, footpaths and bulk earthworks, stormwater drainage, water and sewer assets treatment plants which were valued by external valuers appointed by council.

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant and equipment	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life
Office furniture	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life
Furniture and fittings	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life
Operational land	Market Value	Price per sq metre
Community land	Land values obtained from NSW Valuer General	Land value, land area
Buildings	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Roads	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Bridges	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Footpaths	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Other Road Assets	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Bulk earthworks	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Stormwater drainage	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Water supply	NSW Reference Rates Manual	Unit rates, asset condition, remaining useful life
Sewerage network	NSW Reference Rates Manual	Unit rates, asset condition, remaining useful life
Swimming pools	Cost used to approximate fair value	Gross replacement cost, asset condition, remaining useful life
Other recreational assets	Cost used to approximate fair value	Gross replacement cost, asset condition, remaining useful life
Aerodrome	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life
Other assets	Cost used to approximate fair value	Gross replacement cost, asset condition, remaining useful life
Quarry assets	Cost used to approximate fair value	Discounted Future Cash Flow, remaining life, remediation cost estimates
Work in Progress	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life

E2-1 Fair value measurement (continued)

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

\$ '000	Total IPP&E	
	2022	2021
Opening balance	616,217	596,943
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	77,146	6,582
Other movements		
Purchases (GBV)	20,860	20,253
Disposals (WDV)	(8)	(217)
Depreciation and impairment	(7,553)	(7,344)
Closing balance	706,662	616,217

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum, 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 2022 was \$195,589. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$154,862. The amount of additional contributions included in the total employer contribution advised above is \$65,210.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is .30%

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

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

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

* Plus promotional increases

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

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 2022.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	964	993
Other long-term benefits	63	23
Total	1,027	1,016

Other transactions with KMP and their related parties

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2022					
Employee expenses relating to close family members of KMP	58	8	Council staff award	-	-
2021					
Employee expenses relating to close family members of KMP	64	6	Council staff award	-	-

Council owes \$8,151 for 2 days payroll and accrued leave balances.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	23	27
Councillors' fees	97	98
Other Councillors' expenses (including Mayor)	59	23
Total	179	148

F2 Other relationships

F2-1 Audit fees

\$ '000	2022	2021
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	56	51
Remuneration for audit and other assurance services	56	51
Total Auditor-General remuneration	56	51
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services	8	23
Remuneration for audit and other assurance services	8	23
Total remuneration of non NSW Auditor-General audit firms	8	23
Total audit fees	64	74

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
Net operating result from Income Statement	16,731	13,543
Add / (less) non-cash items:		
Depreciation and amortisation	7,637	7,366
(Gain) / loss on disposal of assets	(617)	(863)
Non-cash capital grants and contributions	(1,474)	(7,429)
Unwinding of discount rates on reinstatement provisions	27	26
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(340)	836
(Increase) / decrease of inventories	(8)	212
(Increase) / decrease of other current assets	(9)	(33)
(Increase) / decrease of contract asset	458	(764)
Increase / (decrease) in payables	519	(154)
Increase / (decrease) in accrued interest payable	(4)	(9)
Increase / (decrease) in other accrued expenses payable	148	(438)
Increase / (decrease) in other liabilities	189	(5)
Increase / (decrease) in contract liabilities	2,682	1,544
Increase / (decrease) in employee benefit provision	(126)	155
Net cash flows from operating activities	25,813	13,987

(b) Non-cash investing and financing activities

Wyangala sewer scheme	-	6,506
Bushfire grants	1,474	923
Total non-cash investing and financing activities	1,474	7,429

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	1,422	–
Buildings	181	3,604
Plant and equipment	461	353
Road infrastructure	639	–
Total commitments	2,703	3,957
These expenditures are payable as follows:		
Within the next year	2,703	3,957
Total payable	2,703	3,957
Sources for funding of capital commitments:		
Future grants and contributions	2,242	3,604
Internally restricted reserves	461	353
Total sources of funding	2,703	3,957

G3 Statement of developer contributions as at 30 June 2022

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Other	7	44	–	–	(26)	–	25	–
S7.11 contributions – under a plan	7	44	–	–	(26)	–	25	–
S7.12 levies – under a plan	119	69	–	1	(132)	–	57	–
Total S7.11 and S7.12 revenue under plans	126	113	–	1	(158)	–	82	–
S64 contributions	58	50	–	1	(28)	–	81	–
Total contributions	184	163	–	2	(186)	–	163	–

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.

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER – COWRA SHIRE COUNCIL								
Other	7	44	–	–	(26)	–	25	–
Total	7	44	–	–	(26)	–	25	–

G3-2 Developer contributions by plan (continued)

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN NUMBER – COWRA SHIRE COUNCIL								
Other	119	69	–	1	(132)	–	57	–
Total	119	69	–	1	(132)	–	57	–

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,595	6.50%	0.77%	3.01%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	39,904				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	30,845	57.74%	57.36%	72.72%	> 60.00%
Total continuing operating revenue ¹	53,423				
3. Unrestricted current ratio					
Current assets less all external restrictions	19,202	4.16x	4.33x	4.21x	> 1.50x
Current liabilities less specific purpose liabilities	4,619				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11,284	4.63x	3.61x	4.06x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,436				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	2,558	14.68%	14.49%	14.73%	< 10.00%
Rates and annual charges collectable	17,430				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	38,262	13.65 months	11.08 months	11.97 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,803				

(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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	11.20%	3.48%	(16.23)%	(4.96)%	7.36%	(8.52)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	55.00%	55.76%	52.88%	93.16%	99.43%	37.03%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.98x	4.33x	9.47x	8.89x	41.43x	33.74x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9.17x	6.51x	1.44x	2.21x	2.55x	1.41x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	12.52%	11.30%	25.34%	25.30%	14.11%	17.34%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	10.73 months	7.46 months	13.71 months	14.68 months	30.49 months	30.41 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G4-1 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 Council information and contact details

Principal place of business:

116 Kendal Street
Cowra NSW 2794

Contact details

Mailing Address:

Private Bag 342
Cowra NSW 2794

Telephone: 02 6340 2000

Facsimile: 02 6340 2011

Opening hours:

Monday to Friday
8:30am to 4:30 pm

Internet: www.cowracouncil.com.au

Email: council@cowra.nsw.gov.au

Officers

General Manager

Paul Devery

Responsible Accounting Officer

Michael Jones

Elected members

Mayor

Cr WJ West

Councillors

Cr JA Smith - Deputy Mayor

Cr SL D'Elboux

Cr CA Downing

Cr RA Fagan

Cr NM Kiss

Cr P Smith

Cr E Watt

Cr PB Wright

Other information

ABN: 26 739 454 579



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Cowra Shire Council

To the Councillors of Cowra Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

26 October 2022
SYDNEY



Cr Bill West
Mayor
Cowra Shire Council
Private Bag 342
COWRA NSW 2794

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D2222012/1718

26 October 2022

Dear Mayor

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





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

I expressed 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
	\$m	\$m	%
Rates and annual charges revenue	14.9	14.4	 3.4
Grants and contributions revenue	22.6	21.8	 3.7
Operating result from continuing operations	16.7	13.5	 23.7
Net operating result before capital grants and contributions	3.2	1.2	 166.7

The Council's operating result from continuing operations (\$16.7 million including depreciation and amortisation expense of \$7.6 million) was \$3.2 million higher than the 2020–21 result.

The net operating result before capital grants and contributions (\$3.2 million) was \$2.0 million higher than the 2020–21 result (\$1.2 million).

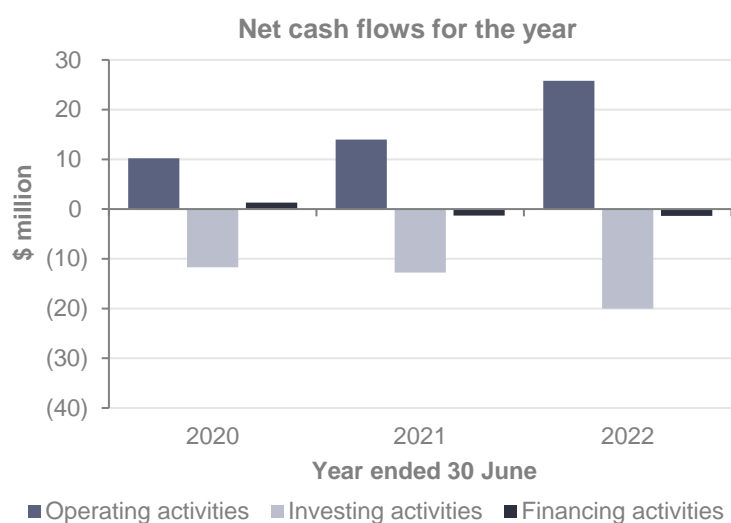
Rates and annual charges revenue (\$14.9 million) increased by \$0.5 million (3.4 per cent) in 2021–22. This was the result of the approved rate pegging of 2.0 per cent and new development within the Council area resulting in additional rateable properties.

Grants and contributions revenue (\$22.6 million) increased by \$0.8 million in 2021–22. Whilst the overall movement in this item was minimal, there were several large offsetting movements which contributed to this result, including:

- receiving 75 per cent of 2022-23 financial year allocation of financial assistance grants in advance (\$1.7 million increase)
- previous year included \$6.5 million non-cash contribution from the Department of Planning, Industry and Environment for the Wyangala Sewerage Treatment Plant (2021–22: nil)
- \$5.4 million to construct an emergency drought pipeline (2020–21 \$0.4 million)
- \$2.75 million to construct RFS buildings (2020–21: nil).

STATEMENT OF CASH FLOWS

Cash receipts for grants and contributions were \$9.0 million higher than the previous year, resulting in higher cashflows from operating activities.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	38.3	32.5	Externally restricted balances included water and sewer fund and unexpended grants.
Restricted and allocated cash and investments:			Balances are internally allocated due to Council policy or decisions for forward plans including work programs
• External restrictions	23.3	20.4	
• Internal allocations	12.5	11.6	

Debt

At 30 June 2022, Council had external borrowings of \$15.3 million (2021: \$16.7 million). The loans are secured against Council's general rating income.

At 30 June 2022, Council also had access to a \$0.5 million (30 June 2021: \$0.5 million) bank overdraft facility and \$60,000 credit card facility. At 30 June 2022, the overdraft facility was unused and the credit card facility had an unused balance of \$22,000.

PERFORMANCE

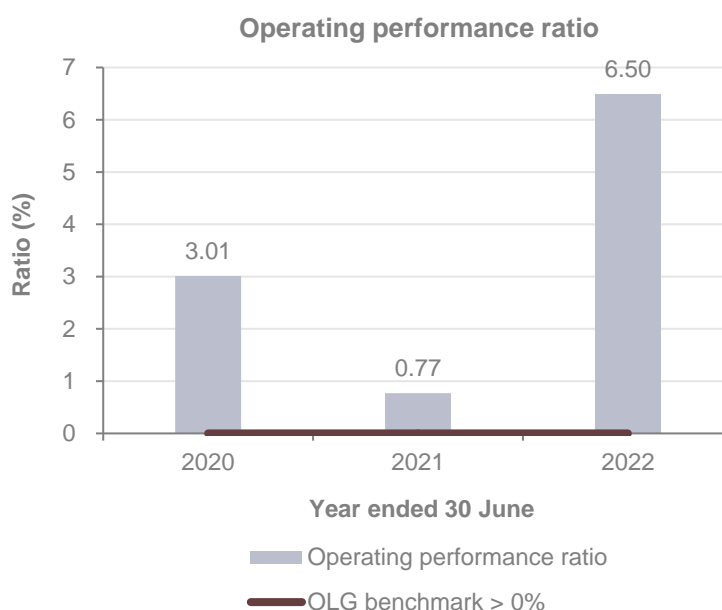
Performance measures

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

Council continued to exceed the benchmark.

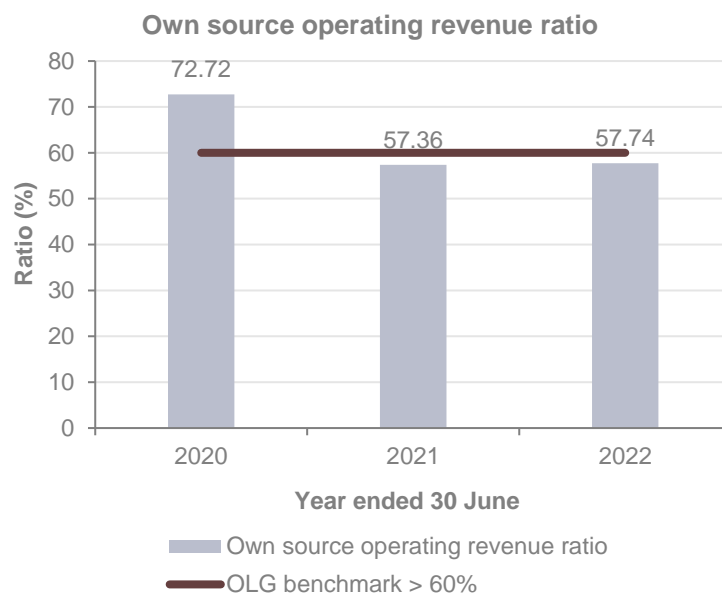
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council has not achieved the benchmark for the last two financial years due to the high proportion of grant funding received.

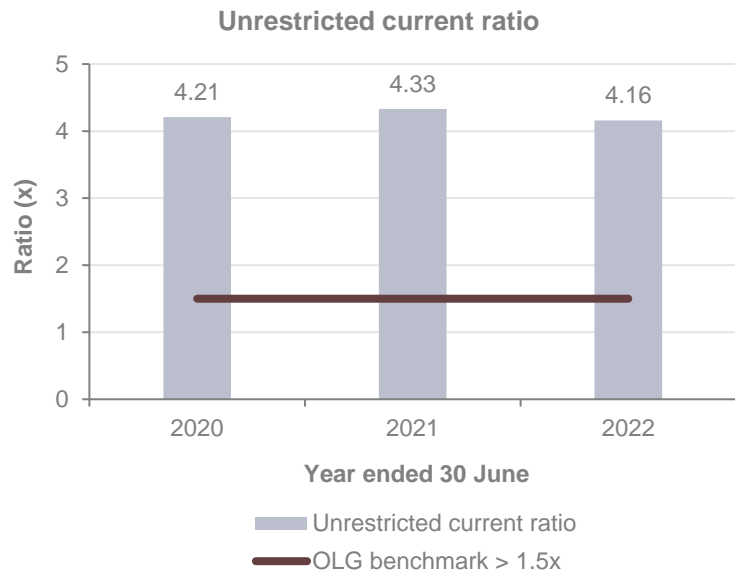
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continued to meet the OLG benchmark.

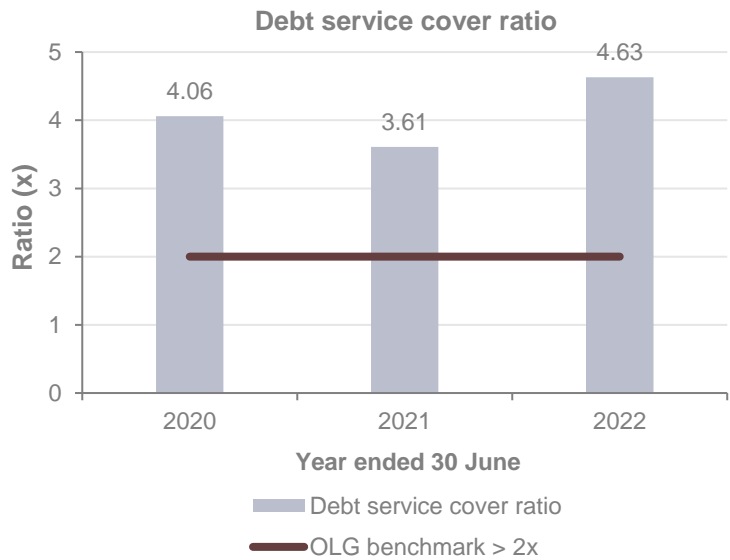
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council continued to exceed the benchmark.

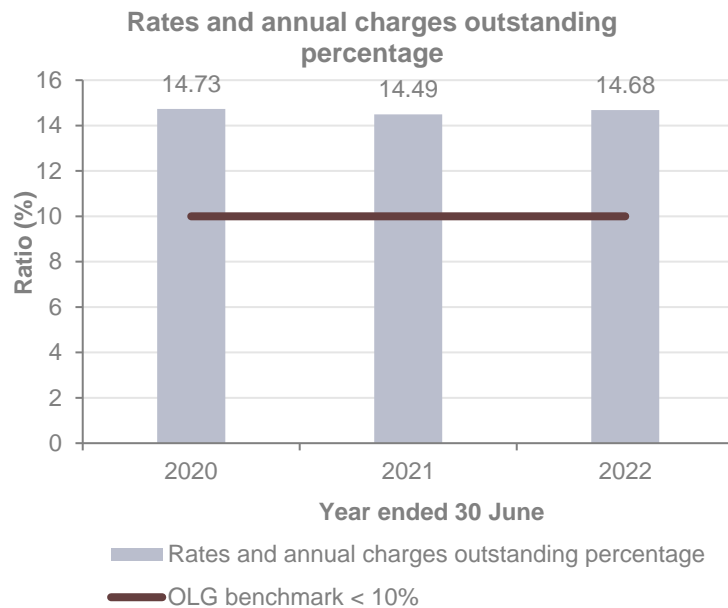
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council's ratio remains above the benchmark. This ratio is adversely impacted each year by the water billing runs which Council completes immediately before year end and includes access charges for the quarter ending 30 June.

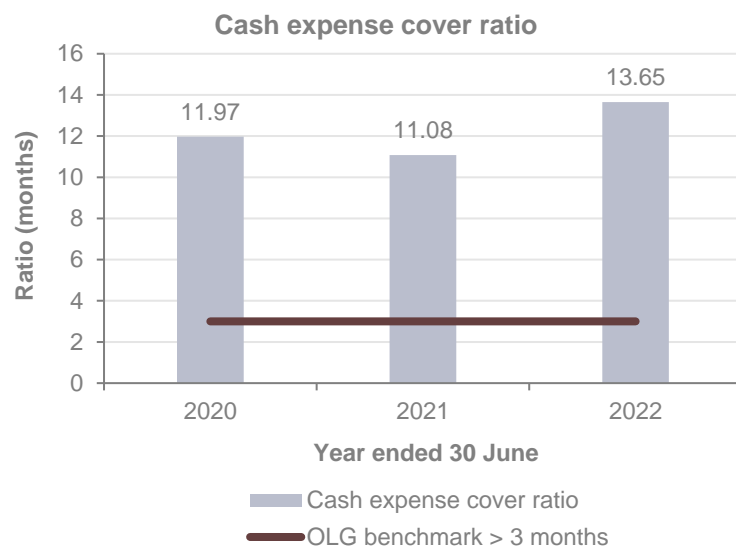
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council continues to exceed the benchmark.

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 has renewed \$7.8 million of infrastructure assets in the 2021–22 financial year compared to \$8.5 million in the 2020–21 financial year. Roads infrastructure was the main asset class renewed during both financial years. A further \$13.0 million was spent on new assets during the 2021–22 financial year, which included \$4.1 million for the new RFS Headquarters in the Shire.

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.



Karen Taylor
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Cowra Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



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

Background

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

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

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

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

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

Cowra Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

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

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


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

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

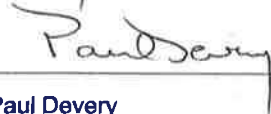
Signed in accordance with a resolution of Council made on 26 September 2022.




Cr WJ West
Mayor
26 September 2022



Cr JA Smith
Councillor
26 September 2022



Paul Devery
General Manager
26 September 2022



Michael Jones
Responsible Accounting Officer
26 September 2022

Cowra Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	1,852	1,780
User charges	4,330	4,201
Fees	–	59
Interest and investment income	36	16
Grants and contributions provided for operating purposes	74	39
Other income	–	839
Total income from continuing operations	6,292	6,934
Expenses from continuing operations		
Employee benefits and on-costs	1,083	1,164
Borrowing costs	275	305
Materials and services	3,685	3,598
Depreciation, amortisation and impairment	2,003	1,966
Water purchase charges	249	216
Other expenses	18	29
Total expenses from continuing operations	7,313	7,278
Surplus (deficit) from continuing operations before capital amounts	(1,021)	(344)
Grants and contributions provided for capital purposes	5,466	467
Surplus (deficit) from continuing operations after capital amounts	4,445	123
Surplus (deficit) from all operations before tax	4,445	123
Surplus (deficit) after tax	4,445	123
Plus accumulated surplus	17,772	17,649
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	22,217	17,772
Return on capital %	(0.9)%	(0.1)%
Subsidy from Council	3,758	1,268
Calculation of dividend payable:		
Surplus (deficit) after tax	4,445	123
Less: capital grants and contributions (excluding developer contributions)	(5,466)	(467)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Cowra Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	2,928	2,842
User charges	777	674
Liquid trade waste charges	78	64
Interest and investment income	36	21
Other income	12	259
Total income from continuing operations	3,831	3,860
Expenses from continuing operations		
Employee benefits and on-costs	432	409
Borrowing costs	503	514
Materials and services	1,718	2,533
Depreciation, amortisation and impairment	895	732
Calculated taxation equivalents	22	9
Other expenses	1	1
Total expenses from continuing operations	3,571	4,198
Surplus (deficit) from continuing operations before capital amounts	260	(338)
Grants and contributions provided for capital purposes	22	6,563
Surplus (deficit) from continuing operations after capital amounts	282	6,225
Surplus (deficit) from all operations before tax	282	6,225
Less: corporate taxation equivalent (25%) [based on result before capital]	(65)	–
Surplus (deficit) after tax	217	6,225
Plus accumulated surplus	29,439	23,205
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	22	9
– Corporate taxation equivalent	65	–
Closing accumulated surplus	29,743	29,439
Return on capital %	1.7%	0.5%
Subsidy from Council	839	432
Calculation of dividend payable:		
Surplus (deficit) after tax	217	6,225
Less: capital grants and contributions (excluding developer contributions)	(22)	(6,563)
Surplus for dividend calculation purposes	195	–
Potential dividend calculated from surplus	98	–

Cowra Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Contract assets and contract cost assets	45	–
Cash and cash equivalents	1,832	1,494
Investments	7,500	6,000
Receivables	1,808	1,780
Total current assets	11,185	9,274
Non-current assets		
Infrastructure, property, plant and equipment	82,290	65,071
Other	–	10
Total non-current assets	82,290	65,081
Total assets	93,475	74,355
LIABILITIES		
Current liabilities		
Contract liabilities	3,051	389
Payables	67	56
Borrowings	633	599
Employee benefit provisions	339	345
Total current liabilities	4,090	1,389
Non-current liabilities		
Borrowings	3,511	4,144
Employee benefit provisions	27	19
Total non-current liabilities	3,538	4,163
Total liabilities	7,628	5,552
Net assets	85,847	68,803
EQUITY		
Accumulated surplus	22,217	17,772
Revaluation reserves	63,630	51,031
Total equity	85,847	68,803

Cowra Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	1,593	1,241
Investments	8,421	7,921
Receivables	675	647
Total current assets	10,689	9,809
Non-current assets		
Infrastructure, property, plant and equipment	43,762	37,399
Other	–	10
Total non-current assets	43,762	37,409
Total assets	54,451	47,218
LIABILITIES		
Current liabilities		
Payables	58	95
Borrowings	158	146
Employee benefit provisions	62	48
Total current liabilities	278	289
Non-current liabilities		
Borrowings	5,941	6,099
Employee benefit provisions	10	10
Total non-current liabilities	5,951	6,109
Total liabilities	6,229	6,398
Net assets	48,222	40,820
EQUITY		
Accumulated surplus	29,743	29,439
Revaluation reserves	18,479	11,381
Total equity	48,222	40,820

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Cowra Shire Council Water Supply

Water supply activities servicing the town of Cowra, surrounding villages & rural properties.

b. Cowra Shire Sewerage Service

Sewerage reticulation & treatment activities servicing the town of Cowra.

Category 2

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

Nil

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – 25%

Note – Significant Accounting Policies (continued)

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

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

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities. The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act. Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

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

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

The rate applied of 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

Note – Significant Accounting Policies (continued)

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

(iii) Dividends

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

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

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



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

To the Councillors of Cowra Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- water supply
- sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

26 October 2022
SYDNEY

Cowra Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Cowra Shire Council

Special Schedules

for the year ended 30 June 2022

Contents

Page

Special Schedules:

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2022 7

Cowra Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	7,161	7,323
Plus or minus adjustments ²	b	19	12
Notional general income	c = a + b	7,180	7,335
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.40%
Or plus rate peg amount	i = e x (c + g)	144	176
Sub-total	k = (c + g + h + i + j)	7,324	7,511
Plus (or minus) last year's carry forward total	l	2	2
Sub-total	n = (l + m)	2	2
Total permissible income	o = k + n	7,326	7,513
Less notional general income yield	p	7,323	7,510
Catch-up or (excess) result	q = o - p	2	3
Carry forward to next year ⁶	t = q + r + s	2	3

Notes

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



INDEPENDENT AUDITOR'S REPORT
Special Schedule – Permissible income for general rates
Cowra Shire Council

To the Councillors of Cowra Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



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

26 October 2022
SYDNEY

Cowra Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost				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	2021/22 Required maintenance ^a	2021/22 Actual maintenance			1	2	3	4	5		
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000							
Buildings	Council Offices/ Administration Centres	–	–	168	153	3,234	7,234	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Council Works Depot	–	–	545	545	1,394	2,563	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%
	Public Halls	–	–	76	113	2,429	4,921	0.0%	95.0%	5.0%	0.0%	0.0%	0.0%	0.0%
	Libraries	–	–	136	178	2,564	5,206	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Houses	–	–	6	8	260	691	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	RFS Sheds	–	–	3	1	6,953	7,863	25.0%	25.0%	50.0%	0.0%	0.0%	0.0%	0.0%
	Amenities/Toilets	–	–	189	169	2,801	6,757	12.0%	52.0%	28.0%	8.0%	0.0%	0.0%	0.0%
	Other	–	–	191	174	6,012	12,301	21.0%	36.0%	38.0%	5.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	1,314	1,341	25,647	47,536	11.3%	59.5%	26.8%	2.4%	0.0%	0.0%	0.0%
Roads	Roads	–	–	2,664	2,844	114,517	157,454	70.0%	24.0%	5.0%	1.0%	0.0%	0.0%	0.0%
	Bridges	–	–	36	10	23,629	29,509	70.0%	25.0%	5.0%	0.0%	0.0%	0.0%	0.0%
	Footpaths	–	–	59	20	12,587	15,814	81.0%	14.0%	5.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets	–	–	428	256	2,240	2,978	0.0%	45.0%	55.0%	0.0%	0.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	319,951	319,951	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		Sub-total	–	–	3,187	3,130	472,924	525,706	88.2%	9.3%	2.2%	0.3%	0.0%	0.0%
Water supply network	Water supply network	3,566	3,566	3,019	2,631	75,786	145,777	16.0%	23.0%	38.0%	21.0%	2.0%	0.0%	0.0%
	Sub-total	3,566	3,566	3,019	2,631	75,786	145,777	16.0%	23.0%	38.0%	21.0%	2.0%	0.0%	0.0%
Sewerage network	Sewerage network	–	–	1,089	1,104	40,949	63,372	22.0%	35.0%	37.0%	6.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	1,089	1,104	40,949	63,372	22.0%	35.0%	37.0%	6.0%	0.0%	0.0%	0.0%
Stormwater drainage	Stormwater drainage	–	–	143	123	27,450	39,502	43.0%	43.0%	13.0%	1.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	143	123	27,450	39,502	43.0%	43.0%	13.0%	1.0%	0.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	433	453	1,841	4,937	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Other Recreational Assets	–	–	1,440	1,313	3,553	5,709	30.0%	36.0%	28.0%	6.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	1,873	1,766	5,394	10,646	16.1%	19.3%	61.4%	3.2%	0.0%	0.0%	0.0%
Aerodrome	Aerodrome	–	–	181	178	3,747	5,174	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	181	178	3,747	5,174	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%
	Total – all assets	3,566	3,566	10,806	10,273	651,897	837,713	62.7%	18.4%	14.0%	4.5%	0.3%	0.0%	0.0%

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

Infrastructure asset condition assessment 'key'

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

Cowra Shire Council

Report on infrastructure assets as at 30 June 2022

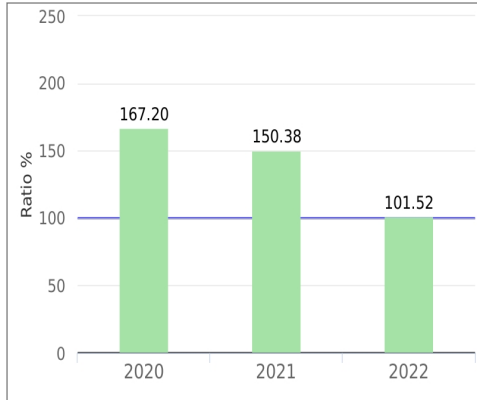
Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	5,992	101.52%	150.38%	167.20%	>= 100.00%
Depreciation, amortisation and impairment	5,902				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	3,566	0.54%	0.14%	0.14%	< 2.00%
Net carrying amount of infrastructure assets	660,392				
Asset maintenance ratio					
Actual asset maintenance	10,273	95.07%	95.90%	100.16%	> 100.00%
Required asset maintenance	10,806				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	3,566	0.43%	0.11%	0.11%	
Gross replacement cost	837,713				

(*) 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.

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	
21/22 ratio	101.52%
The ratio shows that Council is renewing assets at an acceptable rate. Some assets have high value major components which have very long useful lives, and therefore only require renewal after many years of consumption. This results in some years above the benchmark and some below.	

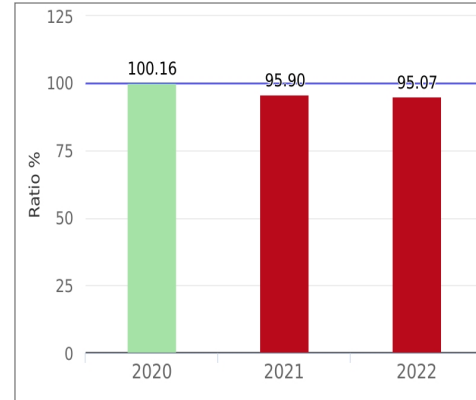
Benchmark: — $\geq 100.00\%$

■ 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	
21/22 ratio	95.07%
The asset maintenance ratio is slightly under the required level due to the high level of capital works undertaken resulting in lower maintenance expenditure.	

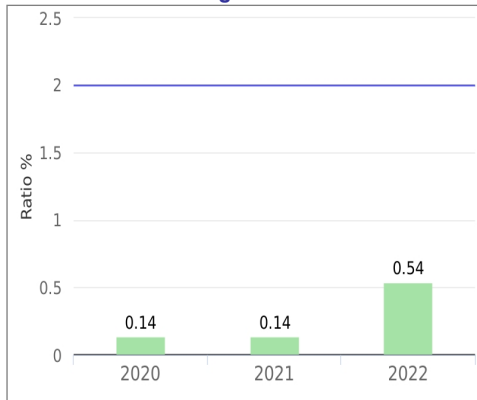
Benchmark: — $> 100.00\%$

■ 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	
21/22 ratio	0.54%
The infrastructure backlog ratio is below the maximum benchmark which indicates that Council's assets are in good condition.	

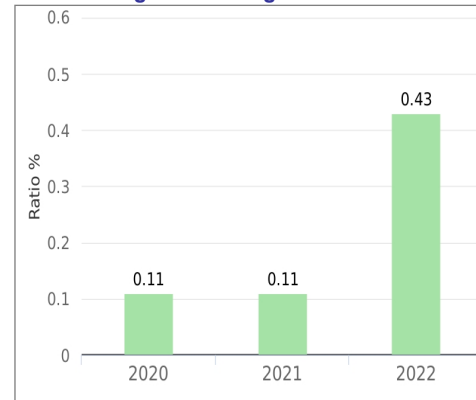
Benchmark: — $< 2.00\%$

■ 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	
21/22 ratio	0.43%
The cost to bring assets to agreed service level is very low and again reflects that assets are functional and generally in a very good condition.	

Cowra Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	163.66%	215.18%	48.07%	69.23%	8.60%	112.30%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.00%	0.00%	4.71%	1.25%	0.00%	0.00%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	97.61%	92.26%	87.15%	99.29%	101.38%	107.54%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	0.00%	0.00%	2.45%	0.61%	0.00%	0.00%	

(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.