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Parkes Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Parkes Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

2 Cecile Street
PARKES NSW 2870

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.parkes.nsw.gov.au.

Parkes Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 20 September 2022.

Ken Keith
Mayor
20 September 2022

Neil Westcott
Councillor
20 September 2022

Kent Boyd
General Manager
20 September 2022

Jaco Barnard
Responsible Accounting Officer
20 September 2022

Parkes Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Income from continuing operations				
22,363	Rates and annual charges	B2-1	22,386	21,422
14,092	User charges and fees	B2-2	18,531	15,606
919	Other revenues	B2-3	1,409	902
12,007	Grants and contributions provided for operating purposes	B2-4	15,656	15,221
11,188	Grants and contributions provided for capital purposes	B2-4	10,367	9,584
103	Interest and investment income	B2-5	290	100
–	Other income	B2-6	227	235
–	Net gain from the disposal of assets	B4-1	280	264
60,672	Total income from continuing operations		69,146	63,334
Expenses from continuing operations				
16,929	Employee benefits and on-costs	B3-1	15,797	15,637
19,041	Materials and services	B3-2	21,993	19,433
723	Borrowing costs	B3-3	820	805
14,335	Depreciation, amortisation and impairment of non-financial assets	B3-4	14,348	13,291
599	Other expenses	B3-5	748	892
51,627	Total expenses from continuing operations		53,706	50,058
9,045	Operating result from continuing operations		15,440	13,276
9,045	Net operating result for the year attributable to Council		15,440	13,276
(2,143)	Net operating result for the year before grants and contributions provided for capital purposes		5,073	3,692

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

Parkes 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		15,440	13,276
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>1,392</u>	<u>7,034</u>
Total items which will not be reclassified subsequently to the operating result		1,392	7,034
Total other comprehensive income for the year		1,392	7,034
Total comprehensive income for the year attributable to Council		16,832	20,310

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

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Parkes Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	8,754	20,569
Investments	C1-2	21,501	7,500
Receivables	C1-3	10,702	7,481
Inventories	C1-4	2,374	2,244
Contract assets and contract cost assets	C1-5	841	1,682
Other	C1-8	466	407
Total current assets		44,638	39,883
Non-current assets			
Investments	C1-2	6,485	2,014
Inventories	C1-4	3,234	3,198
Infrastructure, property, plant and equipment (IPPE)	C1-6	742,100	735,020
Intangible assets	C1-7	3,304	3,395
Total non-current assets		755,123	743,627
Total assets		799,761	783,510
LIABILITIES			
Current liabilities			
Payables	C3-1	4,099	5,382
Contract liabilities	C3-2	10,726	7,705
Borrowings	C3-3	685	988
Employee benefit provisions	C3-4	4,512	5,156
Provisions	C3-5	298	280
Total current liabilities		20,320	19,511
Non-current liabilities			
Borrowings	C3-3	17,479	18,208
Employee benefit provisions	C3-4	248	303
Provisions	C3-5	6,193	6,799
Total non-current liabilities		23,920	25,310
Total liabilities		44,240	44,821
Net assets		755,521	738,689
EQUITY			
Accumulated surplus	C4-1	564,610	549,170
IPPE revaluation reserve	C4-1	190,911	189,519
Council equity interest		755,521	738,689
Total equity		755,521	738,689

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

Parkes Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	as at 30/06/22			as at 30/06/21		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		549,170	189,519	738,689	535,894	182,485	718,379
Restated opening balance		549,170	189,519	738,689	535,894	182,485	718,379
Net operating result for the year		15,440	–	15,440	13,276	–	13,276
Restated net operating result		15,440	–	15,440	13,276	–	13,276
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	1,392	1,392	–	7,034	7,034
Other comprehensive income		–	1,392	1,392	–	7,034	7,034
Total comprehensive income		15,440	1,392	16,832	13,276	7,034	20,310
Closing balance at 30 June		564,610	190,911	755,521	549,170	189,519	738,689

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

Parkes 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>				
22,363	Rates and annual charges		22,463	21,745
14,092	User charges and fees		14,817	15,337
104	Interest received		314	106
57,440	Grants and contributions		30,478	30,957
–	Bonds, deposits and retentions received		–	43
–	Other		1,470	2,221
<i>Payments:</i>				
(16,929)	Payments to employees		(16,433)	(16,021)
(19,041)	Payments for materials and services		(23,059)	(18,033)
(723)	Borrowing costs		(833)	(771)
–	Bonds, deposits and retentions refunded		(56)	–
(599)	Other		176	(689)
56,707	Net cash flows from operating activities	G1-1	29,337	34,895
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		34,091	23,044
–	Sale of real estate assets		200	278
–	Proceeds from sale of IPPE		422	796
<i>Payments:</i>				
–	Purchase of investments		(37,577)	(21,512)
–	Acquisition of term deposits		(15,000)	(3,350)
(55,703)	Payments for IPPE		(21,958)	(26,026)
–	Purchase of real estate assets		(180)	–
–	Purchase of intangible assets		(118)	(608)
(55,703)	Net cash flows from investing activities		(40,120)	(27,378)
Cash flows from financing activities				
<i>Payments:</i>				
(1,032)	Repayment of borrowings		(1,032)	(946)
(1,032)	Net cash flows from financing activities		(1,032)	(946)
(28)	Net change in cash and cash equivalents		(11,815)	6,571
20,569	Cash and cash equivalents at beginning of year		20,569	13,998
20,541	Cash and cash equivalents at end of year	C1-1	8,754	20,569
–	plus: Investments on hand at end of year	C1-2	27,986	9,514
20,541	Total cash, cash equivalents and investments		36,740	30,083

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

Parkes Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on XX XXXX 2022.

Council has the power to amend and reissue these 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 financial assets and liabilities and certain classes of 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

Covid 19 has caused 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. Whilst this has caused some inconvenience it has not resulted in significant additional cost.

Council has provided some rent relief to compensate for lost income due to the compulsory lockdown and some additional costs have been incurred in cleaning of council facilities.

Rate collections are marginally less than the previous year's however it is not known if this is a consequence of Covid or attributable to the prolonged drought. Other receivables have not been impacted.

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. 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. 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

A1-1 Basis of preparation (continued)

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

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

The Trust Fund

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

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

In accordance with AASB 1058, Parkes Shire Council does not record volunteer services as revenue as it cannot be reliably measured and the services would not be purchased or externally contracted if not donated to council.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

During the year Council adopted 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 these standards had an impact on the reported position or performance.

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										
Governance	293	283	1,341	2,261	(1,048)	(1,978)	–	506	–	–
Administration	1,230	1,316	12,332	8,772	(11,102)	(7,456)	578	167	–	13,243
Public order and safety	724	567	1,076	1,153	(352)	(586)	706	545	–	5,529
Health	53	60	789	800	(736)	(740)	52	59	–	8,367
Environment	3,854	3,527	4,230	3,994	(376)	(467)	106	93	–	326
Community services and education	3,048	2,789	1,870	2,003	1,178	786	2,792	2,546	–	9,466
Housing and community amenities	430	541	1,060	952	(630)	(411)	95	155	–	31,769
Water supplies	11,577	13,055	7,911	9,544	3,666	3,511	1,287	1,478	–	179,655
Sewerage services	4,155	3,823	2,769	3,442	1,386	381	112	145	–	62,061
Recreation and culture	2,187	3,149	5,575	5,570	(3,388)	(2,421)	1,934	2,890	–	60,769
Mining, manufacturing and construction	324	342	483	457	(159)	(115)	–	–	–	23
Transport and communication	16,786	10,344	10,899	7,825	5,887	2,519	9,909	6,465	–	388,844
Economic affairs	4,162	5,000	3,371	3,275	791	1,725	2,566	4,280	–	6,944
General purpose income	20,323	18,538	–	10	20,323	18,528	5,886	5,476	799,761	16,514
Total functions and activities	69,146	63,334	53,706	50,058	15,440	13,276	26,023	24,805	799,761	783,510

B1-2 Components of functions or activities

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

Governance

Includes costs relating to Council's role as a component of demographic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, area representation and public disclosures, and legislative compliance.

Administration

Includes corporate support and other support services (not otherwise attributed to the listed functions / activities).

Public order and safety

Includes Council's fire and emergency service levy, fire protection, emergency services, enforcement of regulation and animal control.

Health

Includes immunisation, food control, health centres and related administration.

Environment

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

Community services and education

Includes administration, family day care, youth services, other family and children, aged and disabled.

Housing and community amenities

Includes housing, town planning, street lighting, other sanitation and garbage, and public cemeteries.

Water supplies

Water supply network for Parke - Peak Hill - Cookamidgera townships and rural network (B-Section Line) servicing townships of Bogan Gate, Trundle, and Tullamore.

Sewerage services

Sewerage network consisting of four treatment plants servicing Parke, Peak Hill, Trundle and Tullamore.

Recreation and culture

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

Mining, manufacturing and construction

Includes building control, quarries and pits and mineral resources.

Transport and communication

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, and ancillary roadworks.

B1-2 Components of functions or activities (continued)

Economic affairs

Includes camping areas and caravan parks, tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; Parke Elvis Festival and other business Undertakings.

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B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	6,129	5,869
Farmland	4,115	4,038
Mining	1,489	1,453
Business	3,003	2,942
Less: pensioner rebates (mandatory)	(199)	(206)
Less: pensioner rebates (Council policy)	(81)	(85)
Rates levied to ratepayers	14,456	14,011
Pensioner rate subsidies received	72	152
Total ordinary rates	14,528	14,163
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	2,392	2,318
Stormwater management services	175	175
Water supply services	1,509	1,418
Sewerage services	3,455	3,122
Waste management services (non-domestic)	404	391
Less: pensioner rebates (mandatory)	(252)	(263)
Annual charges levied	7,683	7,161
Pensioner subsidies received:		
– Water	50	52
– Sewerage	44	45
– Domestic waste management	81	1
Total annual charges	7,858	7,259
Total rates and annual charges	22,386	21,422

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 when the Council obtains control over the assets comprising these receipts which is 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 in substance a rates payment.

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Sewerage services	2	437	474
Waste management services (non-domestic)	2	567	541
Water supply services	2	8,276	9,954
Total specific user charges		9,280	10,969
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	477	490
Private works – section 67	2	2,632	160
Section 10.7 certificates (EP&A Act)	2	44	42
Section 603 certificates	2	47	43
Total fees and charges – statutory/regulatory		3,200	735
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	61	71
Cemeteries	2	137	196
Caravan park	2	488	562
Elvis festival revenue (excl sponsorships)	2	708	6
Leaseback fees – Council vehicles	2	107	109
Library and art gallery	2	13	9
Transport For NSW (formerly RMS) charges (state roads not controlled by Council)	2	4,052	2,445
Tourism	2	34	56
Waste disposal tipping fees	2	14	10
Swimming centres & recreation	2	153	240
Family day care	2	254	173
Water connection fees	2	30	25
Total fees and charges – other		6,051	3,902
Total other user charges and fees		9,251	4,637
Total user charges and fees		18,531	15,606
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		18,531	15,606
Total user charges and fees		18,531	15,606

Accounting policy

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

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Fines	2	11	13
Legal fees recovery – other	2	78	100
Diesel rebate	2	99	107
Recycling income	2	188	–
Sales of inventories	2	61	80
Sales – general	2	51	19
Elvis festival	2	153	66
Employment scheme	2	2	4
Insurance rebate	2	39	–
Insurance Claims	2	222	290
Other	2	449	172
WHS Incentive	2	56	51
Total other revenue		1,409	902

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)		902
Total other revenue		902

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	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	2	2,318	2,108	–	–
Financial assistance – local roads component	2	1,196	1,086	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,566	2,257	–	–
Financial assistance – local roads component	2	1,837	1,164	–	–
Amount recognised as income during current year		8,917	6,615	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Water supplies	1	24	–	921	1,059
Bushfire and emergency services	1	95	95	–	–
Child care	2	70	–	324	939
Community care	2	1,455	1,652	–	–
Community centres	2	–	–	–	100
Economic development	1	181	1,260	1,822	2,570
Environmental programs	2	11	–	–	–
Heritage and cultural	2	–	15	13	–
Library	2	103	100	27	334
LIRS subsidy	2	16	32	–	–
Noxious weeds	2	57	57	–	–
NSW rural fire services	2	24	46	224	–
Recreation and culture	1	128	8	1,052	266
Storm/flood damage	2	1,281	656	–	–
Road safety	2	189	214	–	90
Tourism	2	242	–	–	–
Waste recycling	2	–	–	30	30
Street lighting	2	57	57	–	–
Footpaths	1	–	–	226	–
Health Centres	1	–	–	–	50
Other specific grants	2	571	127	–	366
Transport (roads to recovery)	2	113	2,006	–	–
Transport (other roads and bridges funding)	1	–	–	3,151	1,119
Drought Communities	1	–	250	100	650
Local Roads & Community Infrastructure (LRCI)	1	–	–	600	1,245
Drainage	2	8	–	–	–
Town Planning	1	–	–	41	9
Previously contributions:					
Recreation and culture	2	30	–	–	27
Business development	2	100	102	–	–
Aerodromes	2	–	–	6	22
Other contributions	2	174	198	–	–
Roads and bridges	2	71	71	600	–
Transport for NSW contributions (regional roads, block grant)	2	1,362	1,362	–	–
Tourism	2	16	48	–	–
Community services	2	361	84	680	–
Economic affairs	2	–	166	–	–

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Total special purpose grants and non-developer contributions – cash		6,739	8,606	9,817	8,876
Total special purpose grants and non-developer contributions (tied)		6,739	8,606	9,817	8,876
Total grants and non-developer contributions		15,656	15,221	9,817	8,876
Comprising:					
– Commonwealth funding		9,084	8,998	3,174	3,685
– State funding		6,172	5,735	6,028	4,539
– Other funding		400	488	615	652
		15,656	15,221	9,817	8,876

Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	F4					
Cash contributions						
S 7.4 – contributions using planning agreements		2	–	–	95	144
S 64 – water supply contributions		2	–	–	343	419
S 64 – sewerage service contributions		2	–	–	112	145
Total developer contributions – cash			–	–	550	708
Total developer contributions			–	–	550	708
Total contributions			–	–	550	708
Total grants and contributions			15,656	15,221	10,367	9,584
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			428	1,613	7,913	6,560
Grants and contributions recognised at a point in time (2)			15,228	13,608	2,454	3,024
Total grants and contributions			15,656	15,221	10,367	9,584

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				
Unspent funds at 1 July	1,431	3,369	7,705	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	5,403	1,431	–	–
Add: Funds received and not recognised as revenue in the current year	–	–	5,075	7,705
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,431)	(3,369)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(2,054)	–
Unspent funds at 30 June	5,403	1,431	10,726	7,705

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 evidence of the event taking place or satisfactory achievement of 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

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.

B2-4 Grants and contributions (continued)

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)	75	–
– Overdue user fees and charges	66	–
– Cash and investments	149	100
Total interest and investment income	290	100
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	137	68
Restricted investments/funds – external:		
Development contributions		
- S7.12 Levies under a plan	2	2
– Section 64: water	24	13
– Section 64: sewer	2	1
Water fund operations	82	12
Sewerage fund operations	27	3
Domestic waste management operations	16	1
Total interest and investment income	290	100

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
Fair value increment on investments			
Fair value increment on investments through profit and loss		–	19
Total Fair value increment on investments		–	19
Rental income			
Other lease income			
Commercial Buildings		140	109
Aerodrome Hangers		23	20
Health Centres		14	17
Road Reserves		17	9
Dining Platform		2	1
Council Land		31	60
Total other lease income		227	216
Total rental income	C2-2	227	216
Total other income		227	235

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	12,970	13,686
Employee termination costs (where material – other than vested leave paid)	38	156
Travel expenses	1	1
Employee leave entitlements (ELE)	1,589	1,838
Superannuation	1,771	1,638
Workers' compensation insurance	290	419
Fringe benefit tax (FBT)	31	44
Payroll tax	34	102
Training costs (other than salaries and wages)	19	26
Protective clothing	1	60
Other	117	76
Total employee costs	16,861	18,046
Less: capitalised costs	(1,064)	(2,409)
Total employee costs expensed	15,797	15,637
Number of 'full-time equivalent' employees (FTE) at year end	–	197
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	–	211

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		14,813	13,315
Contractor and consultancy costs:			
– Caravan park		184	219
– Contractor and consultancy costs (Centroc)		102	265
– Garbage collection contract		1,483	1,381
– Investment advisory service		10	10
Audit Fees ¹	E2-1	61	63
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	E1-2	174	175
Advertising		163	135
Bank charges		110	112
Cleaning		112	166
Computer software charges		864	654
Election expenses		136	–
Electricity and heating		1,482	1,491
Insurance		789	588
Postage		63	63
Printing and stationery		110	187
Street lighting		168	168
Telephone and communications		272	287
Valuation fees		90	74
Audit committee costs		4	26
Events & Marketing		48	31
Memberships & Subscriptions		188	131
Training Costs		160	197
Travel Expenses		146	30
Water licences		67	76
Legal expenses:			
– Legal expenses: planning and development		72	80
– Legal expenses: debt recovery		80	103
– Legal expenses: other		42	84
Total materials and services		21,993	20,111
Less: capitalised costs		–	(678)
Total materials and services		21,993	19,433

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		712	758
Total interest bearing liability costs		712	758
Total interest bearing liability costs expensed		712	758
(ii) Other borrowing costs			
Remediation liabilities	C3-5	108	47
Total other borrowing costs		108	47
Total borrowing costs expensed		820	805

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		1,287	1,366
Office equipment		289	267
Furniture and fittings		88	70
Infrastructure:			
	C1-6		
– Buildings – non-specialised		842	441
– Buildings – specialised		–	296
– Roads		4,066	4,006
– Bridges		116	115
– Footpaths		170	166
– Stormwater drainage		361	240
– Water supply network		3,777	3,042
– Sewerage network		655	1,414
– Swimming pools		204	181
– Airport assets		346	187
– Other open space/recreational assets		948	701
Other assets:			
– Library books		98	138
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-6	41	39
Present Closure Obligation Assets		788	420
Intangible assets	C1-7	209	202
Total depreciation and amortisation costs		14,285	13,291
Impairment / revaluation decrement of IPPE			
Infrastructure:			
	C1-6		
– Roads		63	–
Total gross IPPE impairment / revaluation decrement costs		63	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		63	–
Total depreciation, amortisation and impairment for non-financial assets		14,348	13,291

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). 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	Notes	2022	2021
Impairment of receivables			
Other		54	126
Total impairment of receivables	C1-3	54	126
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		14	–
Total Fair value decrement on investments	C1-2	14	–
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		22	29
– LGNSW subscription		38	35
– NSW fire brigade levy		45	48
– NSW rural fire service levy		398	546
Donations, contributions and assistance to other organisations (Section 356)		25	10
– Donations, contributions and assistance		90	47
– Sports council contribution		62	51
Total other expenses		748	892

Accounting policy

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

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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	C1-6		
Proceeds from disposal – plant and equipment		422	333
Less: carrying amount of plant and equipment assets sold/written off		(126)	(268)
Gain (or loss) on disposal		296	65
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		–	463
Less: carrying amount of infrastructure assets sold/written off		(72)	(417)
Gain (or loss) on disposal		(72)	46
Gain (or loss) on disposal of real estate assets held for sale	C1-4		
Proceeds from disposal – real estate assets		200	278
Less: carrying amount of real estate assets sold/written off		(144)	(125)
Gain (or loss) on disposal		56	153
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		34,091	23,044
Less: carrying amount of investments sold/redeemed/matured		(34,091)	(23,044)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		–	–
Less: carrying amount of term deposits sold/redeemed/matured		–	–
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		280	264

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 Variance	
Revenues				
Other revenues	919	1,409	490	53% F
Council received significant funds for the sale of recyclable materials and increased income from the 2022 Elvis Festival. Both sources of income significantly exceeded original budget estimates.				
Interest and investment revenue	103	290	187	182% F
The variance was due to a substantial increase associated with the improving interest rate environment. Council's cash and investment holdings have also increased inline with improved financial performance which has enabled additional funds to be invested.				
Net gains from disposal of assets	-	280	280	∞ F
Other income	-	227	227	∞ F
Expenses				
Employee benefits and on-costs	16,929	15,797	1,132	7% F
Materials and services	19,041	21,993	(2,952)	(16)% U
Expenses associated with materials and services increased due to additional storm damage works, increased private works and works on the shire unsealed road network. The value of these works exceeded \$2.5m which was not originally included in the operational budget for the 2021-22 FY.				
Borrowing costs	723	820	(97)	(13)% U
An incorrect budget assumption was used in calculating the borrowing costs. The budget was based off actual costs and did not consider the accrued interest expenses on borrowings at 30 June 2022. The accrued interest on loans was \$141k for the year ending 30 June 2022.				
Depreciation, amortisation and impairment of non-financial assets	14,335	14,348	(13)	0% U
Other expenses	599	748	(149)	(25)% U
Council provided additional community donations, rebates and contributions which exceed the budget by \$35k. Council also increased the provision for impairment of receivables by \$54k. The increased provision was not originally included in the 2021-22 operational budget.				
Statement of cash flows				
Cash flows from operating activities	56,707	29,337	(27,370)	(48)% U
Reduction in the value of capital grants received to construct water security infrastructure across the LGA.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Cash flows from investing activities	(55,703)	(40,120)	15,583	(28)% F
Reduction in capital expenditure incurred due to delays in securing capital grant funding to construct new water security infrastructure.				
Cash flows from financing activities	(1,032)	(1,032)	-	0% F

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C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	989	504
Cash equivalent assets		
– Deposits at call	7,765	20,065
Total cash and cash equivalents	8,754	20,569

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	8,754	20,569
Balance as per the Statement of Cash Flows	8,754	20,569

Accounting policy

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

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C1-2 Financial investments

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Financial assets at fair value through the profit and loss				
NCD's, FRN's (with maturities > 3 months)	501	3,985	–	1,014
Total	501	3,985	–	1,014
Debt securities at amortised cost				
Long term deposits	21,000	2,500	7,500	1,000
Total	21,000	2,500	7,500	1,000
Total financial investments	21,501	6,485	7,500	2,014
Total cash assets, cash equivalents and investments	30,255	6,485	28,069	2,014

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss. Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

C1-3 Receivables

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Rates and annual charges	3,172	–	3,160	–
User charges and fees	6,591	–	2,877	–
Accrued revenues				
– Interest on investments	100	–	70	–
Government grants and subsidies	428	–	1,021	–
Net GST receivable	560	–	454	–
Other debtors	349	–	343	–
Total	11,200	–	7,925	–
Less: provision for impairment				
Rates and annual charges	(230)	–	(230)	–
Interest and extra charges	(105)	–	(51)	–
User charges and fees	(163)	–	(163)	–
Total provision for impairment – receivables	(498)	–	(444)	–
Total net receivables	10,702	–	7,481	–

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	444	318
+ new provisions recognised during the year	54	126
Balance at the end of the year	498	444

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.

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.

C1-4 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale	1,079	3,234	1,079	3,198
Stores and materials	1,236	–	1,096	–
Trading stock	59	–	69	–
Total inventories at cost	2,374	3,234	2,244	3,198
Total inventories	2,374	3,234	2,244	3,198

(i) Other disclosures

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(a) Details for real estate development					
Residential		–	1,825	–	1,613
Industrial/commercial		1,079	1,409	1,079	1,585
Total real estate for resale		1,079	3,234	1,079	3,198

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition costs	711	277	923	65
Development costs	368	2,957	156	3,133
Total costs	1,079	3,234	1,079	3,198
Total real estate for resale	1,079	3,234	1,079	3,198

Movements:

Real estate assets at beginning of the year	1,079	3,198	156	4,246
– Purchases and other costs	–	180	–	–
– WDV of sales (expense)	–	(144)	(125)	–
– Transfer between current/non-current	–	–	1,048	(1,048)
Total real estate for resale	1,079	3,234	1,079	3,198

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

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

\$ '000	2022	2021
Real estate for resale	1,079	1,079
	1,079	1,079

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

C1-4 Inventories (continued)

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

C1-5 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	841	-	1,682	-
Total contract assets and contract cost assets	841	-	1,682	-

Contract assets

Roadworks	105	-	360	-
Construction of Community Infrastructure	-	-	1,010	-
Construction of Logistics Hub	736	-	109	-
Water Infrastructure	-	-	203	-
Total contract assets	841	-	1,682	-

Significant changes in contract assets

Council has received funding to construct assets including upgrading of Main Road 350 and the Parkes National Logistics Hub. The funds received are under an enforceable contract which requires Council to construct an identified asset which will be under Council's control on completion.

Accounting policy

Contract assets

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

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

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	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	Impairment loss / revaluation decrements (recognised in P/L)	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	8,452	–	8,452	–	2,500	–	–	–	–	–	10,952	–	10,952
Plant and equipment	23,938	(13,430)	10,508	–	1,251	126	(1,287)	–	–	–	24,456	(14,110)	10,346
Office equipment	5,889	(4,666)	1,223	145	162	–	(289)	–	–	–	6,181	(4,940)	1,241
Furniture and fittings	1,083	(715)	368	28	142	–	(88)	–	–	–	1,252	(803)	449
Land:													
– Operational land	15,267	–	15,267	–	–	–	–	–	–	–	15,553	–	15,553
– Community land	13,529	–	13,529	–	–	–	–	–	–	–	13,243	–	13,243
– Land under roads (post 30/6/08)	105	–	105	–	–	–	–	–	–	–	105	–	105
Infrastructure:													
– Buildings – non-specialised	26,091	(8,957)	17,134	288	61	–	(489)	–	–	–	26,440	(9,446)	16,994
– Buildings – specialised	37,468	(12,616)	24,852	1,616	164	–	(352)	–	–	–	39,248	(12,968)	26,280
– Roads	428,068	(79,622)	348,446	5,959	4,907	33	(4,066)	(63)	–	–	437,915	(82,701)	355,214
– Bridges	15,750	(4,213)	11,537	168	9	5	(116)	–	–	–	15,918	(4,325)	11,593
– Footpaths	11,864	(3,469)	8,395	16	762	5	(170)	–	–	–	12,636	(3,638)	8,998
– Stormwater drainage	35,756	(11,115)	24,641	90	221	8	(361)	–	–	1,392	38,104	(12,130)	25,974
– Water supply network	232,243	(87,687)	144,556	–	599	–	(3,777)	–	590	–	234,196	(91,463)	142,733
– Sewerage network	89,025	(34,064)	54,961	38	189	–	(655)	–	(590)	–	87,898	(34,719)	53,179
– Swimming pools	8,808	(3,768)	5,040	20	–	21	(204)	–	–	–	8,775	(3,941)	4,834
– Airport assets	16,395	(3,375)	13,020	23	–	–	(346)	–	–	–	16,418	(3,721)	12,697
– Other open space/recreational assets	35,459	(10,245)	25,214	652	527	–	(948)	–	–	–	36,607	(11,163)	25,444
– Other infrastructure	–	–	–	–	–	–	(1)	–	–	–	–	–	–
Other assets:													
– Library books	979	(606)	373	76	–	–	(98)	–	–	–	1,056	(704)	352
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	2,755	(347)	2,408	–	48	–	(41)	–	–	–	2,802	(388)	2,414
- Present Closure Obligations (Landfills, Treatment Plants & Gravel Quarries)	5,823	(832)	4,991	–	–	–	(788)	–	(698)	–	5,126	(1,621)	3,505
Total infrastructure, property, plant and equipment	1,014,747	(279,727)	735,020	9,119	11,542	198	(14,076)	(63)	(698)	1,392	1,034,881	(292,781)	742,100

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	14,736	–	14,736	–	–	–	–	(6,284)	–	–	–	8,452	–	8,452
Plant and equipment	23,714	(12,732)	10,982	–	1,160	(268)	(1,366)	–	–	–	–	23,938	(13,430)	10,508
Office equipment	5,711	(4,406)	1,305	179	6	–	(267)	–	–	–	–	5,889	(4,666)	1,223
Furniture and fittings	1,075	(855)	220	206	12	–	(70)	–	–	–	–	1,083	(715)	368
Land:														
– Operational land	12,244	–	12,244	–	2,200	(99)	–	–	922	–	–	15,267	–	15,267
– Community land	11,039	–	11,039	–	128	–	–	–	(963)	–	3,325	13,529	–	13,529
– Land under roads (post 30/6/08)	64	–	64	–	–	–	–	–	41	–	–	105	–	105
Infrastructure:														
– Buildings – non-specialised	21,926	(8,515)	13,411	1,480	–	–	(441)	2,684	–	–	–	26,091	(8,957)	17,134
– Buildings – specialised	30,454	(12,505)	17,949	1,135	3,365	(250)	(296)	2,949	–	–	–	37,468	(12,616)	24,852
– Roads	420,658	(76,977)	343,681	7,711	988	(35)	(4,006)	107	–	–	–	428,068	(79,622)	348,446
– Bridges	15,731	(4,098)	11,633	–	19	–	(115)	–	–	–	–	15,750	(4,213)	11,537
– Footpaths	11,710	(3,303)	8,407	37	117	–	(166)	–	–	–	–	11,864	(3,469)	8,395
– Stormwater drainage	31,072	(7,008)	24,064	144	147	–	(240)	–	303	–	223	35,756	(11,115)	24,641
– Water supply network	225,560	(83,872)	141,688	962	3,090	–	(3,042)	544	–	–	1,314	232,243	(87,687)	144,556
– Sewerage network	88,067	(32,341)	55,726	133	16	(1)	(1,414)	–	–	–	501	89,025	(34,064)	54,961
– Swimming pools	7,838	(3,008)	4,830	6	–	–	(181)	–	(10)	–	395	8,808	(3,768)	5,040
– Other open space/recreational assets	34,175	(10,601)	23,574	1,579	669	(30)	(701)	–	(303)	–	426	35,459	(10,245)	25,214
– Airport assets	15,011	(3,335)	11,676	34	241	–	(187)	–	–	–	1,256	16,395	(3,375)	13,020
Other assets:														
– Library books	1,377	(861)	516	44	–	–	(138)	–	–	(49)	–	979	(606)	373
Reinstatement, rehabilitation and restoration assets (refer Note 15):														
– Tip assets	2,944	(366)	2,578	–	226	–	(39)	–	–	(357)	–	2,755	(347)	2,408
– Present Closure Obligations (Landfills, Treatment Plants & Gravel Quarries)	3,890	(412)	3,478	–	–	–	(420)	–	1,933	–	–	5,823	(832)	4,991
Total infrastructure, property, plant and equipment	978,996	(265,195)	713,801	13,650	12,384	(683)	(13,089)	–	1,923	(406)	7,440	1,014,747	(279,727)	735,020

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

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

Accounting policy

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

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

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

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

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	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 15	Buildings	
Heavy plant/road making equipment	5 to 15	Buildings: masonry	40 to 60
Other plant and equipment	6 to 50	Buildings: other	5 to 40
		Stormwater assets	
Water and sewer assets		Drains	100
Dams and reservoirs	80 to 100	Culverts	100
Bores	30		
Reticulation pipes: PVC	60 to 80	Other Assets	
Reticulation pipes: other	40 to 100	Library Books	10
Pumps and telemetry	25 to 75		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	Infinite
Sealed roads: surface	15 to 30	Swimming pools	20 to 50
Sealed roads: structure	50	Unsealed roads	10 to 30
Unsealed roads	10 to 30	Other open space/recreational assets	20 to 50
Bridge: concrete	100	Other infrastructure	20 to 50
Bridge: other	60 to 80		
Road pavements	45 to 90		
Kerb, gutter and footpaths	50 to 100		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 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 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

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.

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

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.

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C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	1,896	1,884
Accumulated amortisation	(682)	(480)
Net book value – opening balance	1,214	1,404
Movements for the year		
Purchases	118	12
Amortisation charges	(209)	(202)
Closing values at 30 June		
Gross book value	2,014	1,896
Accumulated amortisation	(891)	(682)
Total software – net book value	1,123	1,214
Water Licences		
Opening values at 1 July		
Opening values at 1 July		
Gross book value	2,181	1,585
Net book value – opening balance	2,181	1,585
Movements for the year		
Purchases	–	596
Closing values at 30 June		
Gross book value	2,181	2,181
Total Water Licences – net book value	2,181	2,181
Total intangible assets – net book value	3,304	3,395

Accounting policy

Intangible assets

IT development and software

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

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Water Licences

Costs capitalised include external direct costs associated with the purchase of the licence. These rights are valued each year and any associated impairment or fair revaluation increment are included.

C1-8 Other

Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	466	-	407	-
Total other assets	466	-	407	-

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C2 Leasing activities

C2-1 Council as a lessee

Council has no leases associated with assets.

Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- community centres/groups
- cultural centre
- health services

The leases are generally between 1 and 5 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

None of the leases in place are individually material from a Statement of Financial Position or performance perspective.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties for community groups and emergency services; 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
---------	------	------

(i) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for a variety of purposes including Commercial Buildings, Council Land, Aerodrome Hangers and Health Centres, the table below relates to operating leases on assets disclosed in C1-7.

Lease income	227	216
Total income relating to operating leases for Council assets	227	216

Amount of IPPE leased out by Council under operating leases

Buildings Specialised	2,341	1,164
Buildings Non-Specialised	5,194	2,131
Other Open Space/Recreational Assets	176	144
Total amount of IPPE leased out by Council under operating leases	7,711	3,439

(ii) Maturity analysis of contractual lease income

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

< 1 year	227	135
1–2 years	126	47
2–3 years	87	17
3–4 years	12	8
Total undiscounted lease payments to be received	452	207

C2-2 Council as a lessor (continued)

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.

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C3 Liabilities of Council

C3-1 Payables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	2,750	–	3,686	–
Accrued expenses:				
– Borrowings	141	–	154	–
– Salaries and wages	227	–	164	–
– Other expenditure accruals	78	–	508	–
Prepaid rates & receivables	870	–	781	–
Security bonds, deposits and retentions	33	–	89	–
Total payables	4,099	–	5,382	–

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2022		2021	
		Current	Non-current	Current	Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	10,726	–	7,705	–
Total grants received in advance		10,726	–	7,705	–
Total contract liabilities		10,726	–	7,705	–

Notes

(i) Council has received funding to construct assets including roads, community infrastructure & logistics hubs. 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	
	Current	Non-current	Current	Non-current
Grants and contributions received in advance:				
Capital grants (to construct Council controlled assets)	2,055	–	1,304	–
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,055	–	1,304	–

Significant changes in contract liabilities

Council recorded a significant increase in contract liabilities as grant funding was received in advance. The grant funding will be used to upgrade roads and construct community infrastructure.

C3-2 Contract Liabilities (continued)

Significant contract liabilities are associated with the following;

- Currajong Street Rehabilitation, Cookamidgera Road Upgrade, Peak Hill & Baldry Road Upgrade & East Street Rehabilitation (Fixing Local Roads)
- Trundle Main Street Upgrade (Your High Street)
- Trundle Pool Upgrade (Crown Land Reserves)
- Community Infrastructure & Roads (Round 3 - LRCI)
- Turf 1 - Parkes Hockey Field (Resources for Regions)
- Parkes Water Security - Stage 2 (Department Planning, Industry & Environment)

The recognition of this income will occur once the performance obligations are satisfied.

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 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured ¹	685	17,479	988	18,208
Total borrowings	685	17,479	988	18,208

(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 20.

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements			2022
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	19,196	(1,032)	–	–	–	18,164
Total liabilities from financing activities	19,196	(1,032)	–	–	–	18,164

\$ '000	2020		Non-cash movements			2021
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	20,142	(946)	–	–	–	19,196
Total liabilities from financing activities	20,142	(946)	–	–	–	19,196

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	100	100
Credit cards/purchase cards	150	150
Total financing arrangements	250	250
Drawn facilities		
– Credit cards/purchase cards	32	28
Total drawn financing arrangements	32	28
Undrawn facilities		
– Bank overdraft facilities	100	100
– Credit cards/purchase cards	118	122
Total undrawn financing arrangements	218	222

Additional financing arrangements information

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

(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 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 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	1,409	–	1,402	–
Long service leave	2,852	248	3,487	303
RDO's & ELE WC On-Costs	251	–	267	–
Total employee benefit provisions	4,512	248	5,156	303

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	2,784	3,099
	2,784	3,099

C3-4 Employee benefit provisions (continued)

Description of and movements in provisions

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	298	6,193	280	6,799
Sub-total – asset remediation/restoration	298	6,193	280	6,799
Total provisions	298	6,193	280	6,799

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2022		
At beginning of year	7,079	7,079
Present Closure Obligation (Assets)	(588)	(588)
Total other provisions at end of year	6,491	6,491
2021		
At beginning of year	5,099	5,099
Unwinding of discount	47	47
Present Closure Obligation (Assets)	1,933	1,933
Total other provisions at end of year	7,079	7,079

C3-5 Provisions (continued)

Nature and purpose of provisions

Asset remediation

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

Accounting policy

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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 Risks and accounting uncertainties

D1-1 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.

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate and price risk

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

Impact of a 1% movement in interest rates

– Equity / Income Statement	45	10
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Impact of a 10% movement in price of investments

– Equity / Income Statement	449	101
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(b) Credit risk

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

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

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

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - 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 the payment of debt.

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2022				
Gross carrying amount	3,172	–	–	3,172
2021				
Gross carrying amount	974	2,109	77	3,160

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	8,869	–	–	–	–	8,869
Expected loss rate (%)	0.00%	0.00%	0.00%	7.00%	25.00%	0.00%
ECL provision	–	–	–	–	–	–
2021						
Gross carrying amount	5,559	2	5	34	847	6,447
Expected loss rate (%)	0.00%	0.00%	0.00%	7.00%	25.00%	3.32%
ECL provision	–	–	–	2	212	214

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	33	4,066	–	–	4,099	4,099
Borrowings	3.78%	–	1,410	11,107	9,589	22,106	18,164
Total financial liabilities		33	5,476	11,107	9,589	26,205	22,263
2021							
Payables	0.00%	89	4,512	–	–	4,601	5,382
Borrowings	3.85%	–	1,708	9,222	12,881	23,811	19,196
Total financial liabilities		89	6,220	9,222	12,881	28,412	24,578

Loan agreement breaches

There were no breaches to loan agreements during the reporting period.

D2-1 Fair value measurement

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

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

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				Total	
		Level 2 Significant observable inputs 2022	2021	Level 3 Significant unobservable inputs 2022	2021	2022	2021
Recurring fair value measurements							
At fair value through profit or loss							
	C1-6	–	–	4,486	1,014	4,486	1,014
Infrastructure, property, plant and equipment							
Plant and equipment		–	–	10,346	10,508	10,346	10,508
Office equipment		–	–	1,241	1,223	1,241	1,223
Furniture and fittings		–	–	449	368	449	368
Operational land		–	–	15,553	15,267	15,553	15,267
Community land		–	913	13,243	12,616	13,243	13,529
Land under roads		–	–	105	105	105	105
Buildings non-specialised		–	–	16,994	17,134	16,994	17,134
Buildings specialised		–	–	26,280	24,852	26,280	24,852
Roads		–	–	355,214	348,446	355,214	348,446
Bridges		–	–	11,593	11,537	11,593	11,537
Footpaths		–	–	8,998	8,395	8,998	8,395
Tips		–	–	2,414	2,408	2,414	2,408
Library books		–	–	352	373	352	373
Storm water drainage		–	–	25,974	24,641	25,974	24,641
Water supply network		–	–	142,733	144,556	142,733	144,556
Capital work in progress		–	–	10,952	8,452	10,952	8,452
Sewerage network		–	–	53,179	54,961	53,179	54,961
Swimming pools		–	–	4,834	5,040	4,834	5,040
Airport assets		–	–	12,697	13,020	12,697	13,020
Other open space / recreational assets		–	–	25,444	25,214	25,444	25,214
Present Closure Obligations		–	–	3,721	4,991	3,721	4,991
Total infrastructure, property, plant and equipment		–	913	742,316	734,107	742,316	735,020

D2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture and Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant & Equipment Trucks, Utilities, Graders, Excavators, street sweepers, Garbage trucks, motor vehicles and minor items.
- Office Equipment Computer equipment, Whiteboards, Fax machines, Photocopiers
- Furniture & Fittings Chairs, desks, Kitchen appliances etc.

The key unobservable inputs to the valuations are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the current replacement cost of similar assets and by taking account of the pattern of consumption, estimate remaining useful life and the residual value. There has been no change to the valuation during the reporting period. A stocktake was completed of Council's Plant and Equipment, and the register was amended to be the complete record.

Operational Land

This asset class comprises of all council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken by" (Elise Wallace C.P.V. Registered Valuer AAPI #66461) from Australis Asset Advisory Group in June 2018 using Fair Value methodology.

The valuation of Operational Land assets have been completed in accordance with guidance notes and background papers issued by the NSW Treasury, Local Government Code of Accounting and Finance Reporting and the International Assets Valuation Standards Committee of which the Australian Property Institute is a member. Operational Land Values have been determined based on sales of land in the locality and standard valuation principles have been adopted whereby the direct comparison method for each individual parcel has been utilised. Due regard has been given to zoning, physical and non-physical constraints, size, shape, location topography and exposure characteristics for each lot, as well as overall market conditions as at the date of valuation. The land values are considered to sit within level 3 of the AASB 13 Fair Value Hierarchy.

Community Land

Community Land were valued by" AssetVal" (Heinza Lindemann C.P.V. Registered Valuer) in April 2021 using Fair Value methodology. The valuation of Community Land assets have been completed in accordance with guidance notes and background papers issued by the NSW Treasury, Local Government Code of Accounting and Finance Reporting and the International Assets Valuation Standards Committee of which the Australian Property Institute is a member. Community Land Values have been determined based on sales of land in the locality and standard valuation principles have been adopted whereby the direct comparison method for each individual parcel has been utilised. Due regard has been given to zoning, physical and non-physical constraints, size, shape, location topography and exposure characteristics for each lot, as well as overall market conditions as at the date of valuation. The land values are considered to sit within level 2 & 3 of the AASB 13 Fair Value Hierarchy.

Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008. 'Land under roads' have been valued using the square metres rates applicable for nearby or adjacent Community Land having regard to the highest and best use for this land. There has been no change to the valuation process during the reporting period.

Buildings – Non specialised and Specialised

Buildings were valued by" Australia Asset Advisory Group " (Elise Wallace C.P.V. Registered Valuer AAPI #66461) from Australis Asset Advisory Group in June 2018 using the market and cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. Any buildings that were inaccessible, remaining useful life was based on commissioning dates supplied in the asset register. The buildings that were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

D2-1 Fair value measurement (continued)

Roads, Bridges & Footpaths

This asset class comprises the Road Carriageway, Bridges, Footpaths, Bus Shelters, Carparks, Guardrails, Kerb and Gutter, Retaining walls, Suburb Markers and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure in June 2020. Talis Consulting were engaged to provide a condition assessment for sealed roads, footpaths and kerb and gutter. Condition rating has been based on the IPWEA Practice Note 9 2016 (IPWEA PN9). Pitt & Sherry were engaged a consultant to undertake thorough conditions assessment of all bridge structures as per RMS Bridge Inspection Procedures. Condition assessment and rating for other transport assets have been undertaken by trained Council staff as per council procedures.

The cost approach was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (Level 2) other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. The inventory for Bridges, Bridge size culverts, Roads and associated infrastructure including Kerb and Channel, Footpaths and car parks has been verified through condition inspections conducted in 2019/20 encompassing 100% of the network. The assets have been given a condition index based on visual and measured data. There has been no change to the valuation process during the reporting period.

Drainage Infrastructure

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09- 09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence, other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Drainage Infrastructure assets are indexed annually using the Modern Engineering Equivalent Assets (MEERA) rates provided by the NSW Office of Water. Valuations for the detention basins, open drains and grass swales (lined and un-lined), inlet and outlet structures, gross pollutant traps, kerb inlets and pits, and underground pipes (concrete and uPVC) were carried out internally by staff in 2019/20.

Water Supply Network Infrastructure

Assets within this class comprise bores, dams, pipeline & trunk mains, pumping stations, reservoirs, and water treatment plants.

Valuations were completed by Australis Asset Advisory Group in June 2022, under a group co-ordinated by the CNSWJO (Central NSW Joint Organisation) in accordance with "Fair Valuations" principles.

These principles lead to valuations being made on the basis of a depreciated replacement cost, using standard unit rates. This valuation was performed using physical inspections of the network. The valuation considers the nature of the assets, the current condition of the assets, strategic considerations which could influence asset life. The unit rates based on diameter of pipes, depth of pipes, construction difficulty, linear metres or similar could be supported from market evidence, other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Sewerage Network Infrastructure

Assets within this class comprise Sewer mains, sewage pumping stations, and sewage treatment plants.

Valuations were completed by Australis Asset Advisory Group in June 2022, under a group co-ordinated by the CNSWJO (Central NSW Joint Organisation) in accordance with "Fair Valuations" principles.

These principles lead to valuations being made on the basis of a depreciated replacement cost, using standard unit rates. This valuation was performed using physical inspections of the network. The valuation considers the nature of the assets, the current condition of the assets, strategic considerations which could influence asset life. The unit rates based on diameter of pipes, depth of pipes, construction difficulty, linear metres or similar could be supported from market evidence, other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Swimming Pools

D2-1 Fair value measurement (continued)

Assets within this class comprise Council's aquatic centres at Parkes, Trundle, Peak Hill and Tullamore. Swimming Pools were valued by "AssetVal" (Heinza Lindemann C.P.V. Registered Valuer) in April 2021 using a cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts.

While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Other Open Space/Recreational Assets

Other Open Space/Recreational Assets were valued by "AssetVal" (Heinza Lindemann C.P.V. Registered Valuer) in April 2021 using a cost approach. Assets within this class comprise Tennis Courts, Cricket Nets, Synthetic Surfaces, BBQs, Regional Sporting Facilities, Parkes and Gardens and Playgrounds. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. The fair value has been based on the average purchase price over the period 2016/17 to 2020/21 multiplied by the current collection on hand.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, and estimated remaining useful life. The fair value has been based on the average purchase price over the period 2016/17 to 2020/21 multiplied by the current collection on hand. There has been no change to the valuation process during the reporting period.

Tip Remediation

Council's Tips are located in Parkes and villages across the shire. The Tips activities encompasses a landfilling operation as well as a wide range of waste disposal services, resource recovery services, recycled, and waste management educational activities. It has been recognised that there will be costs associated with the closure and post closure management of the landfill site.

The rehabilitation estimates have been included as a provision for the future with an estimate closure date of 2065 for Parkes and villages at various other times.

Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements.

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) 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% of salaries for the year ending 30 June 2022 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2020 to 30 June 2022, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. 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.

D3-1 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 \$ 284,913.06. 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 \$228,155.64.

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 .57%

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) StateCover Limited

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

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

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

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

(iii) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

D3-1 Contingencies (continued)

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

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

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

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

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.

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E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	1,054	999
Post-employment benefits	101	92
Other long-term benefits	133	124
Total	1,288	1,215

Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2022						
Supplier of Goods	1	17	–	Normal payment terms in accordance with council's procurement process (50 transactions)	–	–
Supplier of Goods	2	66	–	Normal payment terms in accordance with council's procurement process (194 transactions)	–	–
Supplier of Services	3	3	–	Normal payment terms in accordance with council's procurement process (2 transactions)	–	–
2021						
Supplier of Goods	1	76	–	Normal payment terms in accordance with council's procurement process (76 transactions)	–	–

continued on next page ...

E1-1 Key management personnel (KMP) (continued)

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
Supplier of Goods	2	82	–	Normal payment terms in accordance with council's procurement process (82 transactions)	–	–
Supplier of Services	3	19	–	Normal payment terms in accordance with council's procurement process (19 transactions)	–	–

- 1 Council entered into a contract with TWW Pty Ltd , a company jointly owned and controlled by a member and close family member of the KMP . The contract was won be open tender based on fixed price quotation for the provision of clothing for a twelve month period commencing 1 October 2015 with an option of a 12 month extension.
- 2 Parkes Stationary and Office Supplies is a company on Council's Preferred Supplier List as a company to supply Stationery and Office Furniture on an as required basis. The company is jointly owned by a Council KPM and a close family member.
- 3 Council entered into a commercial lease agreement with Shon Pty Ltd for 257 Clarinda Street, Parkes. The company is jointly owned and controlled by a Council KPM and a close family member

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E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	25	28
Councillors' fees	118	125
Other Councillors' expenses (including Mayor)	31	22
Total	174	175

E2 Other relationships

E2-1 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	61	63
Remuneration for audit and other assurance services	61	63
Total Auditor-General remuneration	61	63
Total audit fees	61	63

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	15,440	13,276
Adjust for non-cash items:		
Depreciation and amortisation	14,285	13,291
Net losses/(gains) on disposal of assets	(280)	(264)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	14	(19)
– Revaluation decrements / impairments of IPP&E direct to P&L	63	–
Unwinding of discount rates on reinstatement provisions	–	47
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(3,275)	422
Increase/(decrease) in provision for impairment of receivables	54	126
Decrease/(increase) in inventories	(130)	139
Decrease/(increase) in other current assets	(59)	(183)
Decrease/(increase) in contract assets	841	370
Increase/(decrease) in payables	(936)	1,261
Increase/(decrease) in accrued interest payable	(13)	(13)
Increase/(decrease) in other accrued expenses payable	(367)	309
Increase/(decrease) in other liabilities	33	165
Increase/(decrease) in contract liabilities	3,021	6,401
Increase/(decrease) in employee benefit provision	(699)	(433)
Increase/(decrease) in other provisions	1,345	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	29,337	34,895

F2-1 Commitments

Capital commitments (exclusive of GST)

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

Property, plant and equipment

Buildings	779	337
Plant and equipment	1,345	634
Transport (Roads, Footpaths & Street Lighting)	991	395
Water	404	919
Sewer	69	80
Open Space & Recreation	238	240
Other - Economic Affairs	-	943
Total commitments	3,826	3,548

These expenditures are payable as follows:

Within the next year	3,826	3,548
Total payable	3,826	3,548

Sources for funding of capital commitments:

Unrestricted general funds	1,343	39
Unexpended grants	1,497	2,450
Externally restricted reserves	297	304
Internally restricted reserves	689	755
Total sources of funding	3,826	3,548

Details of capital commitments

Capital commitments for at the reporting date but not recognised in the financial statements as liabilities included works on the Spicer Oval Clubhouse, LED Street Lighting Upgrade, Trundle Pool Upgrade, Trundle Main Street Revitalisation, Upgrades of Shire Roads & Plant Replacement Program.

F3-1 Events occurring after the reporting date

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

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F4 Statement of developer contributions as at 30 June 2022

F4-1 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					
S7.12 levies – under a plan	481	95	–	2	–	–	578	–
Total S7.11 and S7.12 revenue under plans	481	95	–	2	–	–	578	–
S64 contributions	5,177	455	–	26	–	–	5,658	–
Total contributions	5,658	550	–	28	–	–	6,236	–

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.

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 S94A - Established 5 August 2016								
Active Movement	185	28	–	1	–	(19)	195	–
Community facilities	4	19	–	–	–	2	25	–
Open space	202	29	–	–	–	(17)	214	–
Parking	90	19	–	1	–	34	144	–
Total	481	95	–	2	–	–	578	–

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	<u>4,924</u>	8.42%	6.61%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	<u>58,499</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	<u>42,843</u>	62.21%	60.66%	> 60.00%
Total continuing operating revenue ¹	<u>68,866</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions	<u>27,679</u>	19.67x	0.77x	> 1.50x
Current liabilities less specific purpose liabilities	<u>1,407</u>			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	<u>20,029</u>	10.81x	10.07x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>1,852</u>			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	<u>2,837</u>	11.20%	11.76%	< 10.00%
Rates and annual charges collectable	<u>25,340</u>			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	<u>32,254</u>	9.39 mths	9.57 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	<u>3,436</u>			
<p>(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</p> <p>(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</p>				

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 Council information and contact details

Principal place of business:

2 Cecile Street
PARKES NSW 2870

Contact details

Mailing Address:

PO Box 337
PARKES NSW 2870

Opening hours:

8:30am - 5:00pm
Monday to Friday

Telephone: 02 6861 2333

Facsimile: 02 6862 3946

Internet: www.parkes.nsw.gov.au

Email: council@parkes.nsw.gov.au

Officers

General Manager

Kent Boyd

Responsible Accounting Officer

Jaco Barnard

Public Officers

Cian Middleton

Auditors

Audit Office of New South Wales
Level 15
1 Margaret Street
GPO Box 12
SYDNEY NSW 2000

Elected members

Mayor

Cr Ken Keith

Councillors

Cr Ken Keith (Mayor)
Cr Neil Westcott (Deputy Mayor)
Cr Marg Applebee
Cr Jacob Cass
Cr Bill Jayet
Cr Kenny McGrath
Cr Louise O'Leary
Cr George Pratt
Cr Daniel Weber
Cr Glenn Wilson

Other information

ABN: 96 299 629 630

Parkes Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

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

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Parkes Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

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

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