

The Council of the
SHIRE OF BREWARRINA



All communications to be addressed to the General Manager

SHIRE OFFICE
57 Bathurst Street
BREWARRINA NSW 2839
PO Box 125
BREWARRINA NSW 2839
Telephone: (02) 6830 5100
Fax: (02) 6839 2100

Email: breshire@brewarrina.nsw.gov.au

Monday, 30 October 2023

NOTICE OF EXTRAORDINARY MEETING

NOTICE is hereby given that an EXTRAORDINARY MEETING of the Brewarrina Council will be held on Wednesday, 3rd November, in the Brewarrina Shire Council Chambers, commencing at 8 am, to transact the following business.

AGENDA

1. **Opening Prayer & Acknowledgement of Country**
2. **Present**
3. **Apologies / Leave of Absence**
4. **Declaration of Pecuniary / Non-pecuniary Interest**
5. **Presentation of Financial Statements as per Section 418 (3) of the Local Government Act.**
 - **Annual Financial Statement & Audit Report – 30 June 2023**

Yours faithfully,

David Kirby
General Manager

BREWARRINA SHIRE COUNCIL

Agenda Submission for Extra Ordinary Meeting
held on Friday 3rd November 2023

TITLE:	ANNUAL FINANCIAL STATEMENTS & AUDIT REPORT - 30 JUNE 2023	DOC REF: GM: 3
---------------	--	--------------------------

REPORT BY:	Angus Chan FINANCE AND ADMINISTRATION MANAGER	DATE: 30 th October 2023
-------------------	---	---

IP&R REFERENCE:

Objective 5.2.2 - Timely and accurate reporting for efficient management and accountability

PURPOSE:

The purpose of this report is to present Council's Annual Financial Reports, including the Audit report to the public.

RECOMMENDATION:

That Council:

1. **Receive the Annual Financial Reports and Audit report for the year ended 30 June 2023, as presented to the public;**
2. **Receive the auditor's presentation to Council from Brett Hanger from Nexia Australia.**

CONTENT:

ANNUAL FINANCIAL STATEMENTS & AUDIT REPORT: 30 JUNE 2023

Required Legislative steps as per Local Government Act 1993

"418 Public notice to be given of presentation of financial reports

(1) As soon as practicable after a council receives a copy of the auditor's reports:

- (a) it must fix a date for the meeting at which it proposes to present its audited financial reports, together with the auditor's reports, to the public, and*
- (b) it must give public notice of the date so fixed.*

(2) The date fixed for the meeting must be at least 7 days after the date on which the notice is given, but not more than 5 weeks after the auditor's reports are given to the council.

Note. *Unless an extension is granted under section 416, the meeting must be held on or before 5 December after the end of the year to which the reports relate.*

(3) The public notice must include:

- (a) a statement that the business of the meeting will include the presentation of the audited financial reports and the auditor's reports, and*
- (b) a summary, in the approved form, of the financial reports, and*

(c) a statement to the effect that any person may, in accordance with section 420, make submissions (within the time provided by that section and specified in the statement) to the

council with respect to the council's audited financial reports or with respect to the auditor's reports.

(4) Copies of the council's audited financial reports, together with the auditor's reports, must be kept available at the office of the council for inspection by members of the public on and from the date on which public notice of the holding of the meeting is given and until the day after the meeting (or any postponement of the meeting).

419 Presentation of the council's financial reports

(1) A council must present its audited financial reports, together with the auditor's reports, at a meeting of the council held on the date fixed for the meeting.

(2) The council's auditor may, and if so required in writing by the council must, attend the meeting at which the financial reports are presented.

420 Submissions on financial reports and auditor's reports

(1) Any person may make submissions to the council with respect to the council's audited financial reports or with respect to the auditor's reports.

(2) A submission must be in writing and must be lodged with the council within 7 days after the date on which those reports are presented to the public.

(3) The council must ensure that copies of all submissions received by it are referred to the auditor.

(4) The council may take such action as it considers appropriate with respect to any such submission, including the giving of notice to the Director-General of any matter that appears to require amendment of the council's financial reports."

At its June meeting, the Council decided to delegate to the General Manager the authority to "finalise the date" for the public presentation of the auditor's report and financial accounts. The audit report has not yet been received as of this report's writing, although it is expected to arrive before the meeting. Therefore, the report will be presented on the day of the meeting and the General Manager has set the date for 25th November 2022. A public notice has been posted on the Council's website regarding the presentation of the audit report.

Auditor's Presentation

Mr Brett Hanger of Nexia Australia, Council's auditor and Mr Manuel Moncada, Delegate of the Auditor-General for NSW, will give Council a presentation on the Annual Financial Statements to Council via Zoom / teleconference. The presentation will provide an explanation of the Council's operating, funding and available working capital results. Brett will also explain and compare our financial data, as stated in Note G5 Statement of performance measures – consolidated results, to industry benchmarks. He will be able to answer any questions raised by Councillors.

GOVERNANCE IMPLICATIONS:

Section 418 of the Local Government Act 1993 requires Council to present its Financial Reports and Auditors Report at a public meeting within five weeks of receiving the auditor's reports. Section 428 of the Local Government Act 1993 requires Council to prepare an Annual Report within five months of the end of each year.

CONCLUSION:

All required legislative steps regarding the preparation, adoption, auditing and public presentation of Council's Annual Financial Statements have been complied with.

David Kirby
General Manager

ATTACHMENTS:

- Annual Financial Statements ending 30 June 2023.
- Independent Auditors Report.
- Report on Conduct of the Audit.

Brewarrina Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

*Building on the economic and social sustainability in order
to preserve the rich heritage of the community*



Brewarrina Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*Building on the economic and social sustainability in order
to preserve the rich heritage of the community*



Brewarrina Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	70
On the Financial Statements (Sect 417 [3])	73

Overview

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

57 Bathurst Street
Brewarrina NSW 2839

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.brewarrina.nsw.gov.au.

Brewarrina Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

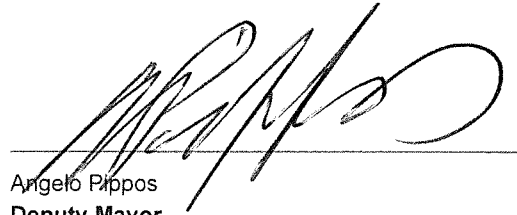
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 25 August 2023.



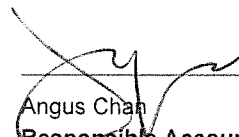
Vivian Slack-Smith
Mayor
25 August 2023



Angelo Pappas
Deputy Mayor
25 August 2023



David Kirby
General Manager
25 August 2023



Angus Chan
Responsible Accounting Officer
25 August 2023

Brewarrina Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Restated Actual 2022 ¹ \$ '000
	Income from continuing operations			
2,683	Rates and annual charges	B2-1	2,618	2,444
2,589	User charges and fees	B2-2	6,732	1,349
398	Other revenues	B2-3	378	617
5,942	Grants and contributions provided for operating purposes	B2-4	16,244	9,236
5,995	Grants and contributions provided for capital purposes	B2-4	4,529	33,837
76	Interest and investment income	B2-5	606	124
142	Other income	B2-6	143	125
80	Net gain from the disposal of assets	B4-1	199	–
17,905	Total income from continuing operations		31,449	47,732
	Expenses from continuing operations			
4,394	Employee benefits and on-costs	B3-1	5,959	5,517
5,053	Materials and services	B3-2	9,934	3,255
68	Borrowing costs	B3-3	59	67
3,443	Depreciation, amortisation and impairment of non-financial assets	B3-4	5,658	3,923
287	Other expenses	B3-5	420	332
–	Net loss from the disposal of assets	B4-1	–	116
13,245	Total expenses from continuing operations		22,030	13,210
4,660	Operating result from continuing operations		9,419	34,522
4,660	Net operating result for the year attributable to Council		9,419	34,522
(1,335)	Net operating result for the year before grants and contributions provided for capital purposes		4,890	685

(1) Restated - see Note G4-1

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

Brewarrina Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	Restated 2022 ¹ \$ '000
Net operating result for the year – from Income Statement		9,419	34,522
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>9,882</u>	<u>19,459</u>
Total items which will not be reclassified subsequently to the operating result		9,882	19,459
Total other comprehensive income for the year		<u>9,882</u>	<u>19,459</u>
Total comprehensive income for the year attributable to Council		<u>19,301</u>	<u>53,981</u>

(1) Restated - see Note G4-1

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

Brewarrina Shire Council

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	Restated 2022 ¹ \$ '000	Restated 1 July 2021 ¹ \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	19,301	20,988	15,847
Receivables	C1-3	1,077	780	5,542
Inventories	C1-4	343	202	183
Contract assets and contract cost assets	C1-5	9,588	2,910	4,489
Non-current assets classified as held for sale		–	–	151
Other		23	26	109
Total current assets		30,332	24,906	26,321
Non-current assets				
Infrastructure, property, plant and equipment (IPPE)	C1-6	240,713	227,659	176,764
Total non-current assets		240,713	227,659	176,764
Total assets		271,045	252,565	203,085
LIABILITIES				
Current liabilities				
Payables	C3-1	1,852	1,131	2,278
Contract liabilities	C3-2	3,322	3,766	7,119
Borrowings	C3-3	43	159	167
Employee benefit provisions	C3-4	1,093	1,098	917
Total current liabilities		6,310	6,154	10,481
Non-current liabilities				
Payables	C3-1	51	51	46
Borrowings	C3-3	320	1,250	1,409
Employee benefit provisions	C3-4	31	78	98
Total non-current liabilities		402	1,379	1,553
Total liabilities		6,712	7,533	12,034
Net assets		264,333	245,032	191,051
EQUITY				
Accumulated surplus		173,200	163,781	129,259
IPPE revaluation reserve	C4-1	91,133	81,251	61,792
Council equity interest		264,333	245,032	191,051
Total equity		264,333	245,032	191,051

(1) Restated - see Note G4-1

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

Brewarrina Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
		\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Opening balance at 1 July		162,641	81,251	243,892	128,067	61,792	189,859
Correction of prior period errors	G4-1	1,140	–	1,140	1,192	–	1,192
Restated opening balance		163,781	81,251	245,032	129,259	61,792	191,051
Net operating result for the year		9,419	–	9,419	34,574	–	34,574
Correction of prior period errors	G4-1	–	–	–	(52)	–	(52)
Net operating result for the period		9,419	–	9,419	34,522	–	34,522
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	9,882	9,882	–	19,459	19,459
Other comprehensive income		–	9,882	9,882	–	19,459	19,459
Total comprehensive income		9,419	9,882	19,301	34,522	19,459	53,981
Closing balance at 30 June		173,200	91,133	264,333	163,781	81,251	245,032

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

Brewarrina Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
2,683	Rates and annual charges		2,615	2,465
2,589	User charges and fees		6,418	1,417
76	Interest received		531	79
11,937	Grants and contributions		13,599	32,853
–	Bonds, deposits and retentions received		–	32
142	Other		382	803
<i>Payments:</i>				
(4,394)	Payments to employees		(5,995)	(5,366)
(5,053)	Payments for materials and services		(9,025)	(3,844)
(68)	Borrowing costs		(60)	(67)
–	Bonds, deposits and retentions refunded		(94)	–
(287)	Other		(282)	(212)
7,625	Net cash flows from operating activities	G1-1	8,089	28,160
Cash flows from investing activities				
<i>Receipts:</i>				
80	Proceeds from sale of IPPE		618	14
<i>Payments:</i>				
(1,774)	Payments for IPPE		(9,348)	(22,866)
(1,694)	Net cash flows from investing activities		(8,730)	(22,852)
Cash flows from financing activities				
<i>Payments:</i>				
(135)	Repayment of borrowings		(1,046)	(167)
(135)	Net cash flows from financing activities		(1,046)	(167)
5,796	Net change in cash and cash equivalents		(1,687)	5,141
9,380	Cash and cash equivalents at beginning of year		20,988	15,847
15,176	Cash and cash equivalents at end of year	C1-1	19,301	20,988

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

Brewarrina Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	23
B2-6 Other income	23
B3 Costs of providing services	24
B3-1 Employee benefits and on-costs	24
B3-2 Materials and services	25
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of non-financial assets	26
B3-5 Other expenses	27
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	31
C1 Assets we manage	31
C1-1 Cash and cash equivalents	31
C1-2 Restricted and allocated cash, cash equivalents and investments	32
C1-3 Receivables	34
C1-4 Inventories	35
C1-5 Contract assets	36
C1-6 Infrastructure, property, plant and equipment	37
C2 Leasing activities	41
C2-1 Council as a lessee	41
C2-2 Council as a lessor	42
C3 Liabilities of Council	43
C3-1 Payables	43
C3-2 Contract Liabilities	44
C3-3 Borrowings	45
C3-4 Employee benefit provisions	47

Brewarrina Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

C4 Reserves	48
C4-1 Nature and purpose of reserves	48
D Council structure	49
D1 Results by fund	49
D1-1 Income Statement by fund	49
D1-2 Statement of Financial Position by fund	50
E Risks and accounting uncertainties	51
E1-1 Risks relating to financial instruments held	51
E2-1 Fair value measurement	54
E3-1 Contingencies	57
F People and relationships	60
F1 Related party disclosures	60
F1-1 Key management personnel (KMP)	60
F1-2 Councillor and Mayoral fees and associated expenses	62
F2 Other relationships	62
F2-1 Audit fees	62
G Other matters	63
G1-1 Statement of Cash Flows information	63
G2-1 Commitments	64
G3-1 Events occurring after the reporting date	65
G4 Changes from prior year statements	65
G4-1 Correction of errors	65
G5 Statement of performance measures	67
G5-1 Statement of performance measures – consolidated results	67
G5-2 Statement of performance measures by fund	68

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 25 August 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these 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 (NSW)* and Regulations, 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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts which are not subject to external audit have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note B5-1 – Material budget variations

and are clearly marked.

COVID-19

We have assessed the pandemic's impact and responses taken and conclude COVID-19 had a negligible influence on the Council's operations and financial situation at the end of June 2023.

All mandatory and recommended health measures conveyed through the Office of Local Government, NSW Health, and other agencies have been undertaken by Council to protect businesses and individuals.

Council did not identify any potential material adjustments required to be done as a result of the pandemic. Even though the pandemic had a widespread effect on slowing down economies around the world, as at 30 June 2023 it is hard to predict any significant future implications on Council's business. Council's business operations remain on the same pattern. Council is not aware of any post balance sheet date events which would result in separate disclosures or adjustments to the 30 June 2023 financial results. Hence, 30 June 2023 financial statements were prepared on a going concern basis.

Domestic and international situation

Widespread volatility caused by international and domestic events in 2022 (war in Ukraine, natural disasters in NSW and nationwide, etc.) has significantly impacted supply chains, labour costs and inflation. With continuing changes in material costs, labour shortages and supply issues there has been a significant increases in amount of discussion and data regarding changes in construction costs. Commodity prices including key construction materials have seen significant increases over the last 3 years. As a result of assessment done, council had performed indexation of its infrastructure assets to ensure their carrying amount is not materially different to fair value as at 30 June 2022.

Rise of the cost of living continued in 2023 financial year. This caused another indexation of infrastructure assets values as at the end of June 2023 (see Note C1-6). Management keeps monitoring ongoing developments on the international and Australian markets and the impact they may have on the financial results and position of the council.

Historical cost convention

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

A1-1 Basis of preparation (continued)

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6 and Note E2-1
- (ii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-3.

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 property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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

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

Goods and Services Tax (GST)

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

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

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

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

None of the newly adopted standards had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 ¹ \$ '000	2023 \$ '000	2022 ¹ \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 ¹ \$ '000
Functions or activities										
Governance	–	4	771	734	(771)	(730)	–	–	–	–
Administration	594	13,647	3,043	(70)	(2,449)	13,717	–	13,029	39,365	33,054
Public Order and Safety	315	78	591	386	(276)	(308)	188	76	–	–
Health	53	56	126	109	(73)	(53)	–	–	–	–
Environment	355	312	700	637	(345)	(325)	42	20	3,727	3,564
Community Services and Education	524	406	227	430	297	(24)	402	282	26,471	27,211
Housing and Community Amenities	117	115	447	428	(330)	(313)	20	24	991	2,240
Water Supplies	1,152	1,137	1,452	1,449	(300)	(312)	–	2	16,726	16,004
Sewerage Services	566	492	686	511	(120)	(19)	5	–	9,700	9,256
Recreation and Culture	918	1,079	1,354	1,320	(436)	(241)	898	1,049	3,135	3,139
Mining, Manufacturing and Construction	1	4	27	45	(26)	(41)	–	–	–	–
Transport and Communication	17,261	21,766	11,299	6,290	5,962	15,476	11,845	21,636	170,930	158,097
Economic Affairs	648	818	1,298	941	(650)	(123)	–	337	–	–
General Purpose Income	8,936	7,818	–	–	8,936	7,818	7,373	6,618	–	–
Total functions and activities	31,440	47,732	22,021	13,210	9,419	34,522	20,773	43,073	271,045	252,565

(1) Restated - see Note G4-1

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 democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

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

PUBLIC ORDER AND SAFETY

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

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

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

COMMUNITY SERVICES AND EDUCATION

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

HOUSING AND COMMUNITY AMENITIES

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

WATER SUPPLIES

Includes water supplies to Brewarrina, Angledool and Goodooga.

SEWERAGE SERVICES

Includes sewerage services to Brewarrina and Goodooga.

RECREATION AND CULTURE

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

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits, mineral resources, and abattoirs.

TRANSPORT AND COMMUNICATION

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

ECONOMIC AFFAIRS

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

B2 Sources of income

B2-1 Rates and annual charges

	2023 \$ '000	2022 \$ '000
Ordinary rates		
Residential	104	91
Farmland	1,000	993
Business	19	19
Less: pensioner rebates (mandatory)	(4)	(4)
Rates levied to ratepayers	1,119	1,099
Pensioner rate subsidies received	2	10
Total ordinary rates	1,121	1,109
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	234	214
Water supply services	771	675
Sewerage services	498	452
Less: pensioner rebates (mandatory)	(14)	(14)
Annual charges levied	1,489	1,327
Pensioner annual charges subsidies received:		
– Water	2	2
– Sewerage	2	2
– Domestic waste management	4	4
Total annual charges	1,497	1,335
Total rates and annual charges	2,618	2,444
Timing of revenue recognition for rates and annual charges		
Rates and annual charges recognised at a point in time (2)	2,618	2,444
Total rates and annual charges	2,618	2,444

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

Accounting policy

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

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

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

B2-2 User charges and fees

	Timing	2023 \$ '000	2022 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	280	362
Waste management services (non-domestic)	1	73	59
Total specific user charges		353	421
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	1	4
Private works – section 67	2	737	442
Regulatory / statutory fees	2	16	21
Section 10.7 certificates (EP&A Act)	2	4	5
Section 603 certificates	2	2	3
Other	2	1	1
Total fees and charges – statutory/regulatory		761	476
(ii) Fees and charges – other (incl. general user charges (per s608))			
Centrelink agency fee	1	69	62
Cemeteries	2	21	30
Community centres	2	4	18
Leaseback fees – Council vehicles	2	44	42
Transport for NSW works (state roads not controlled by Council)	1	5,416	248
Sundry sales	2	31	32
Tourism	2	4	2
Water connection fees	2	8	–
Youth services	2	21	18
Total fees and charges – other		5,618	452
Total other user charges and fees		6,379	928
Total user charges and fees		6,732	1,349
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		1,233	731
User charges and fees recognised at a point in time (2)		5,499	618
Total user charges and fees		6,732	1,349

Accounting policy

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

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

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

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

B2-3 Other revenues

	Timing	2023 \$ '000	2022 \$ '000
Legal fees recovery – rates and charges (extra charges)	2	1	14
Commissions and agency fees	1	51	56
Diesel rebate	2	58	109
Insurance claims recoveries	2	122	314
Sales – general		–	4
Apprenticeships / trainees	2	–	30
OHS incentive/insurance discount	2	18	–
Rebates and Reimbursements	2	71	37
Other	2	57	53
Total other revenue		378	617

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	51	56
Other revenue recognised at a point in time (2)	327	561
Total other revenue	378	617

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

	Notes	Timing	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
General purpose grants and non-developer contributions (untied)						
General purpose (untied)						
Current year allocation						
Financial assistance – general component		2	1,082	1,878	–	–
Financial assistance – local roads component		2	408	730	–	–
Payment in advance - future year allocation						
Financial assistance – general component		2	4,243	2,884	–	–
Financial assistance – local roads component		2	1,640	1,126	–	–
Amount recognised as income during current year			7,373	6,618	–	–
Special purpose grants and non-developer contributions (tied)						
Cash contributions						
Sewerage		2	–	–	5	–
Bushfire and emergency services ¹		1	–	72	–	–
Community care		2	30	–	–	–
Heritage and cultural		2	6	11	–	–
Library – per capita		2	4	49	–	–
Library – special projects		2	–	–	64	20
LIRS subsidy		2	–	–	1	3
Noxious weeds		2	42	34	–	–
Recreation and culture		1	10	17	819	1,303
NSW rural fire services		1	188	–	–	–
Storm/flood damage ¹		2	3,310	367	–	(211)
Community care services		2	236	252	–	7
Street lighting		2	14	13	–	–
Transport (roads to recovery)		2	200	564	–	–
Transport (other roads and bridges funding)		1	–	–	3,640	19,679
Yeta correction centre		2	–	4	–	–
Community services		2	135	10	–	–
Transport for NSW contributions (regional roads, block grant)		2	4,696	1,239	–	–
Water supplies (excl. section 64 contributions)		2	–	–	–	10
Other		2	–	(14)	–	–
Total special purpose grants and non-developer contributions – cash			8,871	2,618	4,529	20,811
Non-cash contributions						
Yetta correction centre	C1-6	2	–	–	–	13,026
Total other contributions – non-cash			–	–	–	13,026
Total special purpose grants and non-developer contributions (tied)			8,871	2,618	4,529	33,837
Total grants and non-developer contributions			16,244	9,236	4,529	33,837
Comprising:						
– Commonwealth funding			7,373	7,182	81	1,092
– State funding			8,871	1,982	4,448	32,092
– Other funding			–	72	–	653
			16,244	9,236	4,529	33,837

B2-4 Grants and contributions (continued)

(1) \$367k of AGRN 987 grant income was reclassified in 2022 from Bushfire and emergency services line to Storm/flood damage line

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:

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	194	1,047	4,555	7,742
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,405	349	–	292
Add: Funds received and not recognised as revenue in the current year	48	167	2,610	4,101
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(349)	(1,369)	(292)	(291)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(167)	–	(3,599)	(7,289)
Unspent funds at 30 June	4,131	194	3,274	4,555
Contributions				
Unspent funds at 1 July	2	2	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(2)	–	–	–
Unspent contributions at 30 June	–	2	–	–

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	37	32
– Cash and investments	569	92
Total interest and investment income (losses)	606	124

Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

	Notes	2023 \$ '000	2022 \$ '000
Rental income			
Other lease income			
Hire of Council owned property		143	125
Total other lease income		143	125
Total rental income	C2-2	143	125
Total other income		143	125

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 \$ '000	2022 \$ '000
Salaries and wages	4,927	5,292
Employee leave entitlements (ELE)	743	985
Superannuation	500	490
Workers' compensation insurance	269	356
Fringe benefit tax (FBT)	72	71
Protective clothing	1	–
Total employee costs	6,512	7,194
Less: capitalised costs	(553)	(1,677)
Total employee costs expensed	5,959	5,517
Number of 'full-time equivalent' employees (FTE) at year end	67	72
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	74	79

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

	Notes	2023 \$ '000	2022 \$ '000
Raw materials and consumables		6,670	505
Contractor costs		438	210
Audit Fees	F2-1	73	64
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	159	148
Advertising		42	49
Bank charges		3	5
Cleaning		177	126
Computer software charges		174	158
Election expenses		–	25
Electricity and heating		209	199
Insurance		573	428
Postage		6	9
Printing and stationery		21	31
Street lighting		38	67
Subscriptions and publications		122	137
Telephone and communications		58	51
Valuation fees		10	9
Yetta Farm operations		87	97
Travel expenses		64	89
Registration costs		129	143
Training costs (other than salaries and wages)		191	166
Other expenses		367	248
Aboriginal Communities Program Costs		319	278
Legal expenses:			
– Legal expenses: debt recovery		4	13
Total materials and services		9,934	3,255
Total materials and services		9,934	3,255

B3-3 Borrowing costs

Interest bearing liability costs

Interest on loans		59	67
Total interest bearing liability costs		59	67
Total borrowing costs expensed		59	67

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

	Notes	2023 \$ '000	2022 ¹ Restated \$ '000
Depreciation and amortisation			
Plant and equipment		1,584	1,447
Office equipment		57	51
Furniture and fittings		6	10
Infrastructure:	C1-6		
– Buildings – non-specialised		57	38
– Buildings – specialised		611	319
– Other structures		348	111
– Roads		2,048	1,531
– Bridges		221	205
– Footpaths		43	32
– Stormwater drainage		24	23
– Water supply network		472	542
– Sewerage network		279	195
– Swimming pools		71	60
– Bulk earthworks – levee bank		45	40
– Airport		61	54
– Other open space/recreational assets		26	22
Less: capitalised costs		(295)	(757)
Total depreciation and amortisation costs		5,658	3,923
Total depreciation, amortisation and impairment for non-financial assets		5,658	3,923

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

(1) Restated - see Note G4-1

B3-5 Other expenses

	Notes	2023 \$ '000	2022 \$ '000
Impairment of receivables			
Other		100	83
Total impairment of receivables	C1-3	100	83
Other			
Contributions/levies to other levels of government			
– NSW fire brigade levy		29	19
– NSW rural fire service levy		237	149
Donations, contributions and assistance to other organisations (Section 356)		–	28
– Moree regional library		54	53
Total other		320	249
Total other expenses		420	332

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2023 \$ '000	2022 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		505	12
Less: carrying amount of plant and equipment assets sold/written off		(117)	(119)
Gain (or loss) on disposal		388	(107)
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal of infrastructures		113	2
Less: carrying amount of infrastructure assets sold/written off		(302)	(11)
Gain (or loss) on disposal		(189)	(9)
Net gain (or loss) from disposal of assets		199	(116)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	2,683	2,618	(65)	(2)% U
User charges and fees	2,589	6,732	4,143	160% F
Mostly due to increased amount of emergency works on state roads under RMCC contracts.				
Other revenues	398	378	(20)	(5)% U
Operating grants and contributions	5,942	16,244	10,302	173% F
Mostly due to increased flood recovery grants received in the current year.				
Capital grants and contributions	5,995	4,529	(1,466)	(24)% U
The planned capital works were deferred as resources were diverted to flood damage repairs. As a result, the recognition of capital contributions is lower than budgeted.				
Interest and investment revenue	76	606	530	697% F
Increase in actual interest rates. Hard to budget.				
Net gains from disposal of assets	80	199	119	149% F
Due to effect from sale of Yetta plants and buildings. Hard to budget.				
Other income	142	143	1	1% F
Expenses				
Employee benefits and on-costs	4,394	5,959	(1,565)	(36)% U
Actual capitalisation of employee costs is less than budgeted.				
Materials and services	5,053	9,934	(4,881)	(97)% U
Non-budgeted expenses for floods and natural disasters recovery.				
Borrowing costs	68	59	9	13% F
Unbudgeted pay-off of two loans caused decrease in actual borrowing costs.				
Depreciation, amortisation and impairment of non-financial assets	3,443	5,658	(2,215)	(64)% U
Due to increased depreciation as a result of indexation of assets in previous financial year as well as significant value of contributed Yetta assets.				
Other expenses	287	420	(133)	(46)% U
Mostly due to extra provision for bad debt which is hard to budget.				

continued on next page ...

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	7,625	8,089	464	6% F
Cash flows from investing activities	(1,694)	(8,730)	(7,036)	415% U
More actual capital jobs were completed earlier, that was not budgeted.				
Cash flows from financing activities	(135)	(1,046)	(911)	675% U
Unbudgeted repayment of two loans.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023 \$ '000	2022 ¹ \$ '000
Cash assets		
Cash on hand and at bank	154	288
Cash equivalent assets		
– Deposits at call	6,147	3,700
– Short-term deposits	13,000	17,000
Total cash and cash equivalents	19,301	20,988

(1) In 2022 the \$1,700,000 of investments were reclassified from short-term deposits to deposits at call.

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	19,301	20,988
Balance as per the Statement of Cash Flows	19,301	20,988

Accounting policy

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

C1-2 Restricted and allocated cash, cash equivalents and investments

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	19,301	20,988
Less: Externally restricted cash, cash equivalents and investments	<u>(10,728)</u>	<u>(8,441)</u>
Cash, cash equivalents and investments not subject to external restrictions	8,573	12,547
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	3,302	3,766
Specific purpose unexpended grants – sewer fund	20	–
External restrictions – included in liabilities	3,322	3,766
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – (GF)	4,083	985
Water supplies – (bank)	2,204	2,033
Sewerage services – (bank)	967	1,590
Domestic waste management	152	67
External restrictions – other	7,406	4,675
Total external restrictions	10,728	8,441

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

C1-2 Restricted and allocated cash, cash equivalents and investments (continued)

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

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions

	8,573	12,547
--	-------	--------

Less: Internally restricted cash, cash equivalents and investments

	(8,008)	(12,107)
--	---------	----------

Unrestricted and unallocated cash, cash equivalents and investments

	565	440
--	-----	-----

Internal allocations

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

Infrastructure replacement	1,000	7,000
Employees leave entitlement	1,124	1,097
Prepaid financial assistance grant – general	4,243	2,884
Prepaid financial assistance grant – roads	1,641	1,126
Total internal allocations	8,008	12,107

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

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

(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments

	565	440
--	-----	-----

C1-3 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	591	-	511	-
Interest and extra charges	203	-	113	-
User charges and fees	639	-	521	-
Private works	12	-	-	-
Accrued revenues				
– Interest on investments	54	-	49	-
Government grants and subsidies	99	-	47	-
Net GST receivable	171	-	135	-
Other debtors	3	-	-	-
Total	1,772	-	1,376	-
Less: provision for impairment				
Rates and annual charges	(450)	-	(373)	-
Interest and extra charges	(110)	-	(90)	-
User charges and fees	(135)	-	(133)	-
Total provision for impairment – receivables	(695)	-	(596)	-
Total net receivables	1,077	-	780	-
Externally restricted receivables				
Water supply				
– Rates and availability charges	251	-	305	-
Sewerage services				
– Rates and availability charges	60	-	59	-
Domestic waste management	86	-	98	-
Total external restrictions	397	-	462	-
Unrestricted receivables	680	-	318	-
Total net receivables	1,077	-	780	-

	2023 \$ '000	2022 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	596	524
+ new provisions recognised during the year	99	72
Balance at the end of the year	695	596

C1-3 Receivables (continued)

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 5 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

C1-4 Inventories

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
(i) Inventories at cost				
Stores and materials	343	-	202	-
Total inventories at cost	343	-	202	-
Total inventories	343	-	202	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-5 Contract assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Contract assets	9,588	-	2,910	-
Total contract assets	9,588	-	2,910	-

Contract assets

Contract Assets under AASB 15 ¹	4,605	-	542	-
Grant Contract Asset under AASB 1058 (asset exemption) ¹	2,484	-	2,001	-
Accrued Income under AASB 1058	2,499	-	367	-
Total contract assets	9,588	-	2,910	-

Significant changes in contract assets

Contract Assets relating to work for external parties (AASB 15)

Nature disasters recoveries on state roads under RMCC contracts.

Grant Contract Assets - work related to infrastructure grants (AASB 1058 - Asset Exemption)

No significant changes.

Accrued Income (AASB 1058)

Increase is a result of accrual for works performed in 2023 financial year to remediate damages caused by 2022 floods.

(1) Contract assets and grant contract assets were reclassified by \$483,000 in 2022.

Accounting policy

Contract assets

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

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

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022 ¹			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount ¹	Accumulated depreciation and impairment _t	Net carrying amount ¹	Additions renewals ²	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount ¹	Accumulated depreciation and impairment _t	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	502	–	502	–	1,065	–	–	(233)	–	–	1,334	–	1,334
Plant and equipment	12,725	(6,717)	6,008	–	685	(117)	(1,584)	–	–	–	12,622	(7,630)	4,992
Office equipment	466	(273)	193	–	–	–	(57)	–	–	–	466	(330)	136
Furniture and fittings	176	(155)	21	–	–	–	(6)	–	–	–	176	(161)	15
Land:													
– Operational land	1,632	–	1,632	–	–	–	–	–	–	237	1,869	–	1,869
– Community land	228	–	228	–	–	–	–	–	–	134	362	–	362
Infrastructure:													
– Buildings – non-specialised	2,391	(161)	2,230	–	–	–	(57)	–	(138)	–	3,446	(1,411)	2,035
– Buildings – specialised	37,626	(9,636)	27,990	–	–	(302)	(611)	137	(1,594)	–	36,008	(10,388)	25,620
– Other structures	6,890	(2,183)	4,707	85	474	–	(348)	96	–	222	7,898	(2,662)	5,236
– Roads	156,144	(21,954)	134,190	1,620	5,300	–	(2,048)	–	–	7,809	172,298	(25,427)	146,871
– Bridges	22,743	(5,420)	17,323	–	–	–	(221)	–	–	1,011	24,088	(5,975)	18,113
– Footpaths	2,890	(752)	2,138	–	302	–	(43)	–	–	124	3,363	(842)	2,521
– Bulk earthworks – levee bank	6,127	(2,563)	3,564	–	–	–	(45)	–	–	208	6,489	(2,762)	3,727
– Stormwater drainage	1,718	(1,044)	674	–	–	–	(24)	–	–	50	1,850	(1,150)	700
– Water supply network	22,800	(9,358)	13,442	–	–	–	(472)	–	–	1,000	24,558	(10,588)	13,970
– Sewerage network	13,023	(5,576)	7,447	–	–	–	(279)	–	–	553	14,027	(6,306)	7,721
– Swimming pools	2,907	(1,209)	1,698	5	–	–	(71)	–	–	83	3,061	(1,346)	1,715
– Other open space/recreational assets	1,273	(147)	1,126	8	–	–	(26)	–	–	56	1,347	(183)	1,164
– Airport	4,399	(1,853)	2,546	–	–	–	(61)	–	–	127	4,623	(2,011)	2,612
Total infrastructure, property, plant and equipment	296,660	(69,001)	227,659	1,718	7,826	(419)	(5,953)	–	(1,732)	11,614	319,885	(79,172)	240,713

(1) Restated - see Note G4-1

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

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

By aggregated asset class	At 1 July 2021 ¹			Asset movements during the reporting period							At 30 June 2022 ¹		
	Gross carrying amount ¹	Accumulated depreciation and impairment _t	Net carrying amount ¹	Additions renewals ²	Additions new assets	Carrying value of disposals	Depreciation expense ¹	WIP transfers	Contributed (from Note B2-4)	Revaluation increments to equity (ARR)	Gross carrying amount ¹	Accumulated depreciation and impairment _t	Net carrying amount ¹
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	2,975	–	2,975	70	174	–	–	(2,717)	–	–	502	–	502
Plant and equipment	11,527	(5,299)	6,228	1,028	13	(119)	(1,447)	–	305	–	12,725	(6,717)	6,008
Office equipment	443	(223)	220	24	–	–	(51)	–	–	–	466	(273)	193
Furniture and fittings	176	(145)	31	–	–	–	(10)	–	–	–	176	(155)	21
Land:													
– Operational land	748	–	748	–	–	(1)	–	–	790	95	1,632	–	1,632
– Community land	202	–	202	–	–	–	–	–	–	26	228	–	228
Infrastructure:													
– Buildings – non-specialised	1,476	(99)	1,377	–	342	–	(38)	325	–	224	2,391	(161)	2,230
– Buildings – specialised	20,745	(5,366)	15,379	447	–	(10)	(319)	226	9,837	2,430	37,626	(9,636)	27,990
– Other structures	2,345	(704)	1,641	84	219	–	(111)	641	2,094	139	6,890	(2,183)	4,707
– Roads	121,405	(18,281)	103,124	20,366	–	–	(1,531)	1,251	–	10,980	156,144	(21,954)	134,190
– Bridges	20,525	(4,686)	15,839	–	–	–	(205)	–	–	1,689	22,743	(5,420)	17,323
– Footpaths	2,561	(647)	1,914	–	53	–	(32)	–	–	203	2,890	(752)	2,138
– Stormwater drainage	1,610	(955)	655	–	–	–	(23)	–	–	42	1,718	(1,044)	674
– Water supply network	21,310	(9,701)	11,609	113	–	–	(542)	132	–	2,130	22,800	(9,358)	13,442
– Sewerage network	12,044	(5,095)	6,949	1	–	–	(195)	5	–	687	13,023	(5,576)	7,447
– Swimming pools	2,422	(1,049)	1,373	–	265	–	(60)	–	–	120	2,907	(1,209)	1,698
– Bulk earthworks – levee bank	5,529	(2,273)	3,256	–	–	–	(40)	–	–	348	6,127	(2,563)	3,564
– Airport	3,939	(1,605)	2,334	–	–	–	(54)	–	–	266	4,399	(1,853)	2,546
– Other open space/recreational assets	1,024	(114)	910	–	21	–	(22)	137	–	80	1,273	(147)	1,126
Total infrastructure, property, plant and equipment	233,006	(56,242)	176,764	22,133	1,087	(130)	(4,680)	–	13,026	19,459	296,660	(69,001)	227,659

(1) Restated - see Note G4-1

(2) 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 NSW 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.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following:

Land	100% Capitalised
Plant and Equipment	>\$5,000
Buildings and Land Improvements	>\$5,000
Water and Sewer Assets	>\$5,000
Stormwater Assets	>\$5,000
Transport Assets	>\$5,000
Other Infrastructure Assets	>\$5,000

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

Depreciation

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

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

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

Land under roads

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

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

Crown reserves

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

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

Rural Fire Service assets

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

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

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over some assets including land and buildings. However, those leases are at below market value.

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:

- workshop; and
- truckyard.

The leases are generally for 20 years and require payments of a maximum amount of \$3,000 per year. The use of the right-of-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to community groups. This property is held to meet community service delivery objectives rather than to earn rental or for capital appreciation. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E in the Statement of Financial Position.

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

	2023 \$ '000	2022 \$ '000
(i) Assets held as property, plant and equipment		
Lease income (excluding variable lease payments not dependent on an index or rate)	143	125
Total income relating to operating leases for Council assets	143	125

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Goods and services – operating expenditure	1,260	–	210	–
Goods and services – capital expenditure	171	–	270	–
PAYG Tax Instalments	91	–	70	–
Accrued expenses:				
– Salaries and wages	191	–	175	–
– Borrowings	3	–	4	–
Advances	–	51	186	51
Security bonds, deposits and retentions	43	–	137	–
Other	93	–	79	–
Total payables	1,852	51	1,131	51

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

		2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,322	-	3,749	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	-	-	17	-
Total grants received in advance		3,322	-	3,766	-
Total contract liabilities		3,322	-	3,766	-

Notes

(i) 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.

Contract liabilities relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	3,302	-	3,766	-
Contract liabilities relating to externally restricted assets	3,322	-	3,766	-
Total contract liabilities relating to restricted assets	3,322	-	3,766	-
Total contract liabilities	3,322	-	3,766	-

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

	2023 \$ '000	2022 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	3,766	7,119
Total revenue recognised that was included in the contract liability balance at the beginning of the period	3,766	7,119

Significant changes in contract liabilities

Drop of contract liabilities was mostly caused by delivering works for specific grants from previous years.

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Loans – secured ¹	43	320	159	1,250
Total borrowings	43	320	159	1,250

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	1,409	(1,046)	–	–	–	–	363
Total liabilities from financing activities	1,409	(1,046)	–	–	–	–	363

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	1,576	(167)	–	–	–	–	1,409
Total liabilities from financing activities	1,576	(167)	–	–	–	–	1,409

C3-3 Borrowings (continued)

(b) Financing arrangements

	2023 \$ '000	2022 \$ '000
Total facilities		
Credit cards/purchase cards	25	30
Total financing arrangements	25	30
Undrawn facilities		
– Credit cards/purchase cards	18	30
Total undrawn financing arrangements	18	30

Breaches and defaults

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

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	324	–	393	–
Long service leave	733	31	668	78
Other leave – RDO	36	–	37	–
Total employee benefit provisions	1,093	31	1,098	78

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

	2023 \$ '000	2022 \$ '000
	489	752
	489	752

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	489	752
	489	752

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
Income from continuing operations			
Rates and annual charges	1,338	778	502
User charges and fees	6,452	280	–
Interest and investment revenue	455	93	58
Other revenues	378	–	–
Grants and contributions provided for operating purposes	16,244	–	–
Grants and contributions provided for capital purposes	4,524	–	5
Net gains from disposal of assets	199	–	–
Other income	143	–	–
Total income from continuing operations	29,733	1,151	565
Expenses from continuing operations			
Employee benefits and on-costs	5,637	200	122
Materials and services	9,278	491	165
Borrowing costs	59	–	–
Depreciation, amortisation and impairment of non-financial assets	4,903	475	280
Other expenses	15	286	119
Total expenses from continuing operations	19,892	1,452	686
Operating result from continuing operations	9,841	(301)	(121)
Net operating result for the year	9,841	(301)	(121)
Net operating result attributable to each council fund	9,841	(301)	(121)
Net operating result for the year before grants and contributions provided for capital purposes	5,317	(301)	(126)

D1-2 Statement of Financial Position by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	16,110	2,204	987
Receivables	766	251	60
Inventories	343	–	–
Contract assets and contract cost assets	9,588	–	–
Other	23	–	–
Total current assets	26,830	2,455	1,047
Non-current assets			
Infrastructure, property, plant and equipment	217,791	14,269	8,653
Total non-current assets	217,791	14,269	8,653
Total assets	244,621	16,724	9,700
LIABILITIES			
Current liabilities			
Payables	1,846	6	–
Contract liabilities	3,302	–	20
Borrowings	43	–	–
Employee benefit provision	1,093	–	–
Total current liabilities	6,284	6	20
Non-current liabilities			
Payables	51	–	–
Borrowings	320	–	–
Employee benefit provision	31	–	–
Total non-current liabilities	402	–	–
Total liabilities	6,686	6	20
Net assets	237,935	16,718	9,680
EQUITY			
Accumulated surplus	169,871	2,604	725
Revaluation reserves	68,064	14,114	8,955
Council equity interest	237,935	16,718	9,680
Total equity	237,935	16,718	9,680

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with 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 and 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 receivables, loans, investments and financial liabilities approximates the 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.

(a) Market risk – interest rate and price risk

	2023	2022
	\$ '000	\$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	189	196

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

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2023				
Gross carrying amount	–	473	118	591
Expected loss rate (%)	0.00%	70.00%	100.00%	53.00%
ECL provision	–	332	118	450
2022				
Gross carrying amount	–	423	88	511
Expected loss rate (%)	0.00%	54.21%	100.00%	53.00%
ECL provision	–	296	77	373

(1) PY classification was changed

Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2023 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2023						
Gross carrying amount	7,340	3,174	–	255	–	10,769
Expected loss rate (%)	0.00%	3.47%	7.00%	52.95%	100.00%	2.28%
ECL provision	–	110	–	135	–	245
2022						
Gross carrying amount	3,522	102	6	–	145	3,775
Expected loss rate (%)	2.07%	5.00%	7.00%	10.00%	100.00%	5.92%
ECL provision	73	5	–	–	145	223

E1-1 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.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2023							
Payables	0.00%	43	1,809	51	–	1,903	1,903
Borrowings	3.75%	–	57	320	–	377	363
Total financial liabilities		43	1,866	371	–	2,280	2,266
2022							
Payables	0.00%	137	994	51	–	1,182	1,182
Borrowings	4.91%	–	159	1,250	–	1,409	1,409
Total financial liabilities		137	1,153	1,301	–	2,591	2,591

E2-1 Fair value measurement

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

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

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022 ¹	2023	2022
Infrastructure, property, plant and equipment	C1-6								
Plant and equipment		30/06/20	30/06/20	–	–	4,992	6,008	4,992	6,008
Office equipment		30/06/20	30/06/20	–	–	136	193	136	193
Furniture and fittings		30/06/20	30/06/20	–	–	15	21	15	21
Operational land		30/06/23	30/06/20	–	–	1,869	1,632	1,869	1,632
Community land		30/06/23	30/06/20	–	–	362	228	362	228
Buildings – non-specialised		30/06/23	30/06/18	2,035	2,230	–	–	2,035	2,230
Buildings – specialised		30/06/23	30/06/18	–	–	25,620	27,990	25,620	27,990
Other structures		30/06/21	30/06/21	–	–	5,236	4,707	5,236	4,707
Roads		30/06/20	30/06/20	–	–	146,871	134,190	146,871	134,190
Bridges		30/06/20	30/06/20	–	–	18,113	17,323	18,113	17,323
Footpaths		30/06/20	30/06/20	–	–	2,521	2,138	2,521	2,138
Bulk earthworks – Levee banks		30/06/20	30/06/20	–	–	3,727	3,564	3,727	3,564
Stormwater drainage		30/06/20	30/06/20	–	–	700	674	700	674
Water supply network		30/06/22	30/06/22	–	–	13,970	13,442	13,970	13,442
Sewerage network		30/06/22	30/06/22	–	–	7,721	7,447	7,721	7,447
Swimming pools		30/06/21	30/06/21	–	–	1,715	1,698	1,715	1,698
Other open spaces/recreational assets		30/06/21	30/06/21	–	–	1,164	1,126	1,164	1,126
Airports		30/06/20	30/06/20	–	–	2,612	2,546	2,612	2,546
Total infrastructure, property, plant and equipment				2,035	2,230	237,344	224,927	239,379	227,157

(1) Restated - see Note G4-1

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)

There has been no change in valuation techniques during the reporting period.

E2-1 Fair value measurement (continued)

The values of Plant and Equipment, Office Equipment, and Furniture and Fittings have been disclosed at cost due to the nature of these assets.

All buildings and other structures were valued by an external registered valuer on the basis of fair value. The values include normal fixtures and fittings, internal finishes, electrical and mechanical services, fire / security, transportation, and roofing. The specialised buildings and other structures have no active market and have been classified as Level 3.

Roads, comprising roadway, roadside shoulders, kerb and guttering, have been valued on a rolling basis by Council's engineer on a fair value basis. This group has been classified as level 3 as market based evidence could not be supported.

Bridges, Footpaths, Stormwater Drainage, Levee Banks, Swimming Pools, Open Space and Recreation Assets, and Airports have all been externally valued on a fair value basis. As market based evidence was unable to be supported for these categories they have all been classified as level 3.

Water Supply Network and Sewerage Services Network have been externally valued by a qualified independent valuer on a fair value basis. They are classified as level 3 as market evidence was not supported. These assets have been indexed annually at an indexation rate supplied by the Department of Planning, Industry and Environment – Water.

Fair value measurements using significant unobservable inputs (level 3)

For changes in Level 3 input fair value asset classes refer to Note C1-6.

There were no transfers into or out of the Level 3 fair valuation hierarchy.

Valuation process and significant unobservable valuation inputs used (for level 2 and 3 fair value hierarchy asset classes)

Land - Values were determined with reference to the NSW Valuer General's 2019 land valuation.

All Other Level 2 and 3 Asset Classes

Where there was an active and liquid market as evidenced by sales transactions of similar property types, a Market Approach by way of Direct Comparison, Income Capitalisation or Summation methods was utilised.

These are accepted valuation methodologies under AASB 13. If a Market Approach is adopted, the building valuation is deemed to be a Level 2 input.

Direct comparison and summation methods involve analysis of sales evidence and comparisons with the subject taking into account matters such as method of construction, size, condition, age, land area and location. The land value is subtracted from the Market Value of the property to measure the building asset Fair Value.

For those assets not assessed under a Market Approach due to their predominantly specialised nature, a Current Replacement Cost (CRC) approach to valuation has been adopted, being an accepted valuation methodology under AASB 13. The CRC approach is deemed Level 3 methodology on the Fair Value Hierarchy.

Where there is no depth of market, as determined for the specified Brewarrina Shire Council assets, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

Under this approach, the following process is adopted:

- Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.
- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. The conditions assessed are considered a Level 3 input.
- While the replacement cost of the assets could be supported by market supplied evidence (level 2), other unobservable inputs (such as estimates of residual value, useful life, asset condition) were also required (level 3).

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for visible aboveground assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life.

E2-1 Fair value measurement (continued)

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on asset age and estimated useful life.

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

Infrastructure - Calculation of Current Replacement Cost

Water and Sewerage Infrastructure

The water assets were segregated into Systems; Reticulation, Raw Supply, Potable Storage, and Treatment assets; reticulation assets were not further componentised and consisted of mains, hydrants, stop valves and water meters. Other asset systems were componentised based on usage profile. Unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's Construction rates and quotations.

The remaining system assets consisted of treatment, pumping and storage assets. These assets were componentised and valued individually, with allowances for complexity, size, function and site factors. These are generally totalled to a lump sum item and compared against recent similar projects and in-house databases to check for relativity, appropriateness and sensibility.

Location factors, soil type, weather conditions, raw material access and service level standards were assumed to be uniform across the council area.

Unit rates were increased depending on project complexity to allow for project overheads including survey, environmental and investigation costs, engineering design, planning and project management.

Road Infrastructure

The Roads infrastructure assets were classified as passive assets; passive assets were further componentised and consisted of Formation, Pavement and Seal for roads assets. Unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's Construction rates and quotations.

Roads were segmented based on the main roads standard, these are categorised as Formed, Unformed and then further by sealed and unsealed types.

The Current Replacement Cost was calculated by reference to asset length and width for Formation and Seal and Depth for Pavements. Location Factors, soil type, weather conditions, raw material access and service level standards were assumed to be uniform across the council area.

Valuation Processes

Council's valuation policies and procedures are set out by the leadership team which comprises the General Manager, Finance and Admin Manager, and the Transport Manager. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% 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 \$20.0 million for 1 July 2022 to 30 June 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

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

E3-1 Contingencies (continued)

The amount of Council contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$14,961.39. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$6,556.08. Council's expected contribution to the plan for the next annual reporting period is \$9,277.64.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

* 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 0.03%

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	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	6.0% for FY 22/23 2.5% per annum thereafter

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

(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.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2023 \$ '000	2022 \$ '000
Compensation:		
Short-term benefits	765	880
Post-employment benefits	64	71
Other long-term benefits	25	99
Total	854	1,050

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.

Other specific transactions are detailed below.

Nature of the transaction		Transactions during the year \$ '000 Ref	Outstanding balances including commitments \$ '000	Terms and conditions
2023				
Supply of Materials & Services	1	1,315		– 30-day term on invoice
Employee expenses relating to close family members of KMP	2	48		– Council Staff Award

F1-1 Key management personnel (KMP) (continued)

Nature of the transaction		Transactions during the year \$ '000 Ref	Outstanding balances including commitments \$ '000	Terms and conditions
2022				
Supply of Materials & Services	1	1,259	–	30-day term on invoice
Employee expenses relating to close family members of KMP	2	58	–	Council Staff Award
1	Council purchased materials and services from: <ul style="list-style-type: none"> - Barwon Livestock Pty Ltd owned by the close family member of KMP of the council. The total payment is \$667,783.78. - TJ SS Management and Slack Smith Farm Trust owned by the close family member of the council's KMP. The total payment value is \$405,071.81. - Holz Trade Service Pty owned by the council's KMP. Total payment value is \$196,976.61. - Galimbuwan Pty Ltd owned by the close family member of the council's KMP. Total payment value is \$27,154.55. - Melissa Kirby owned by the close family member of the council's KMP. Total payment value is \$15,000.00. - RLS Club managed by KMP of the council. Total payment value is \$3,182.76. - A.Pippos & M.B. Pippos owned by KMP of the council. Total payment value is \$320.00. 			
2	Close family members of Council's KMP are employed by the council under the state award on an arm's length basis. There are 2 close family members of KMP currently employed by the council.			

F1-2 Councillor and Mayoral fees and associated expenses

	2023 \$ '000	2022 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	23	16
Councillors' fees	114	107
Other Councillors' expenses (including Mayor)	22	25
Total	159	148

F2 Other relationships

F2-1 Audit fees

	2023 \$ '000	2022 \$ '000
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	73	64
Remuneration for audit and other assurance services	73	64
Total audit fees	73	64

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2023 \$ '000	2022 ¹ \$ '000
Net operating result from Income Statement	9,419	34,522
Add / (less) non-cash items:		
Depreciation and amortisation	5,658	3,923
(Gain) / loss on disposal of assets	(199)	116
Non-cash capital grants and contributions	–	(13,026)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(396)	4,690
Increase / (decrease) in provision for impairment of receivables	99	72
(Increase) / decrease of inventories	(141)	(19)
(Increase) / decrease of other current assets	3	83
(Increase) / decrease of contract asset	(6,678)	1,579
Increase / (decrease) in payables	1,050	(570)
Increase / (decrease) in accrued interest payable	(1)	–
Increase / (decrease) in other accrued expenses payable	16	(11)
Increase / (decrease) in other liabilities	(245)	(7)
Increase / (decrease) in contract liabilities	(444)	(3,353)
Increase / (decrease) in employee benefit provision	(52)	161
Net cash flows from operating activities	8,089	28,160

(1) Restated - see Note G4-1

G2-1 Commitments

Capital commitments (exclusive of GST)

	2023 \$ '000	2022 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	264	–
Other Structures	–	152
Road infrastructure	323	–
Total commitments	587	152
These expenditures are payable as follows:		
Within the next year	587	152
Total payable	587	152
Sources for funding of capital commitments:		
Unrestricted general funds	587	152
Total sources of funding	587	152

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

As a result of current year revaluation of buildings management identified assets controlled by the council which were not previously captured in the asset register. Total carrying amount of those buildings as at 30 June 2023 was \$764,719. Furthermore, some buildings were found to no longer exist. Carrying amount of those buildings as at 30 June 2023 was \$229,253. The net effect of the above matters in amount of \$535,466 was brought into account as increase in the value of buildings class of assets as prior year error.

As a result of the reconciliation of RFS vehicles, management identified assets which were not included in the council's asset register. Total carrying amount of these vehicles was brought into account on 1 July 2022 as prior year error in amount of \$604,390.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2021

Statement of Financial Position

	Original Balance 1 July, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2021 \$ '000
Infrastructure, property, plant and equipment (IPPE)	175,572	1,192	176,764
Total non-current assets	175,572	1,192	176,764
Total assets	201,893	1,192	203,085
Total liabilities	12,034	–	12,034
Net assets	189,859	1,192	191,051
Accumulated surplus	128,067	1,192	129,259
IPPE revaluation reserve	61,792	–	61,792
Total equity	189,859	1,192	191,051

G4-1 Correction of errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2022

Statement of Financial Position

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Infrastructure, Property, Plant and Equipment	226,519	1,140	227,659
Total non-current assets	226,519	1,140	227,659
Total assets	251,425	1,140	252,565
Total liabilities	7,533	–	7,533
Net assets	243,892	1,140	245,032
Accumulated surplus	162,641	1,140	163,781
IPPE revaluation reserve	81,251	–	81,251
Total equity	243,892	1,140	245,032

Income Statement

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Total income from continuing operations	47,732	–	47,732
Depreciation, amortisation and impairment of non-financial assets	3,871	52	3,923
Total expenses from continuing operations	13,158	52	13,210
Net operating result for the year	34,574	(52)	34,522

Statement of Comprehensive Income

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Net operating result for the year	34,574	(52)	34,522
Total comprehensive income for the year	34,574	(52)	34,522

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 ³ 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	4,691	17.56%	5.76%	3.74%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	26,721				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	10,477	33.53%	9.76%	14.87%	> 60.00%
Total continuing operating revenue ¹	31,250				
3. Unrestricted current ratio					
Current assets less all external restrictions	19,207	7.70x	9.96x	5.09x	> 1.50x
Current liabilities less specific purpose liabilities	2,493				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	10,408	9.42x	20.47x	15.61x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,105				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	234	8.31%	6.02%	7.12%	< 10.00%
Rates and annual charges collectable	2,817				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	19,301	14.04 months	26.08 months	21.16 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	1,375				

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

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

(3) Restated - see Note G4-1

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022 ⁴	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	20.86%	9.91%	(26.15)%	(27.42)%	(22.50)%	(3.86)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	29.68%	6.57%	100.00%	99.82%	99.12%	100.00%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	7.70x	9.96x	409.17x	77.93x	52.35x	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9.42x	19.23x	7.25x	117.50x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	6.44%	1.46%	10.41%	10.88%	10.76%	11.98%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	12.75 months	24.70 months	28.35 months	26.96 months	29.10 months	60.57 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(4) Restated - see Note G4-1

(1) - (2) Refer to Notes at Note G5-1 above.

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

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Brewarrina Shire Council

To the Councillors of Brewarrina Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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



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

26 October 2023
SYDNEY



Cr Vivian Slack-Smith
 Mayor
 Brewarrina Council
 PO Box 125
 BREWARRINA NSW 2839

Contact: Manuel Moncada
 Phone no: 02 9275 7333
 Our ref: R008-16585809-46251

26 October 2023

Dear Mayor

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

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

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

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

INCOME STATEMENT

Operating result

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	2.62	2.44	↑ 7.4
Grants and contributions revenue	20.77	43.07	↓ 51.8
Operating result from continuing operations	9.42	34.52	↓ 72.7
Net operating result before capital grants and contributions	4.90	0.69	↑ 610

* The 2022 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.

Council's operating result (\$9.42 million including the effect of depreciation and amortisation expense of \$5.66 million) was \$25.10 million lower than the 2021–22 result. This was mainly due to the receipt of significant capital grant funding, and contributed assets of \$13 million relating to the Yetta Dhinnakkai Correction Centre in the prior year.

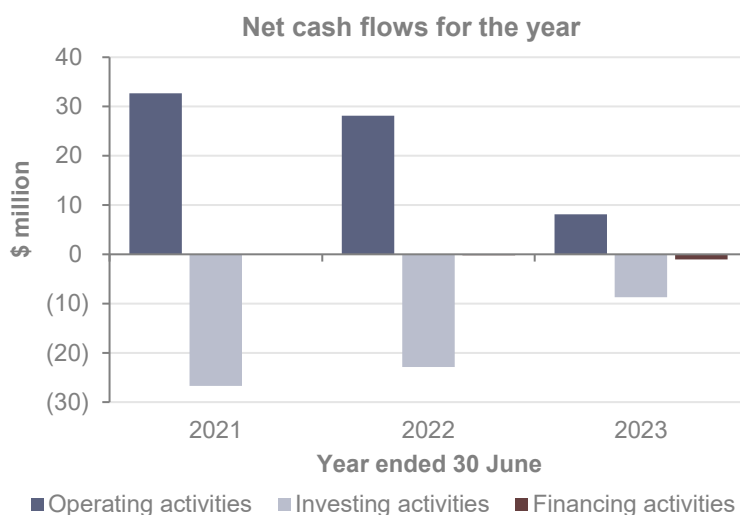
The net operating result before capital grants and contributions (\$4.90 million) was \$4.21 million higher than the 2021–22 result. This was mainly due to increased receipts of financial assistance and other operating grants.

Rates and annual charges revenue (\$2.62 million) increased by \$180,000 (7.4 per cent) in 2022–2023. Contributing to the increase was increased water supply and sewerage services charges.

Grants and contributions revenue (\$20.77 million) decreased by \$22.30 million (51.8 per cent) in 2022–2023 due to the receipt of significant capital grant funding, and contributed assets of \$13 million relating to the Yetta Dhinnakkai Correction Centre in the prior year.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$1.7 million to \$19.3 million at the close of the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	19.3	21.0	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, domestic waste management charges and water and sewerage funds. Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	10.7	8.4	
• Internal allocations	8.0	12.1	

Debt

After repaying principal and interest of \$1.1 million during the financial year, total debt as at 30 June 2023 was \$363,000 (2022: \$1.4 million).

PERFORMANCE

Performance measures

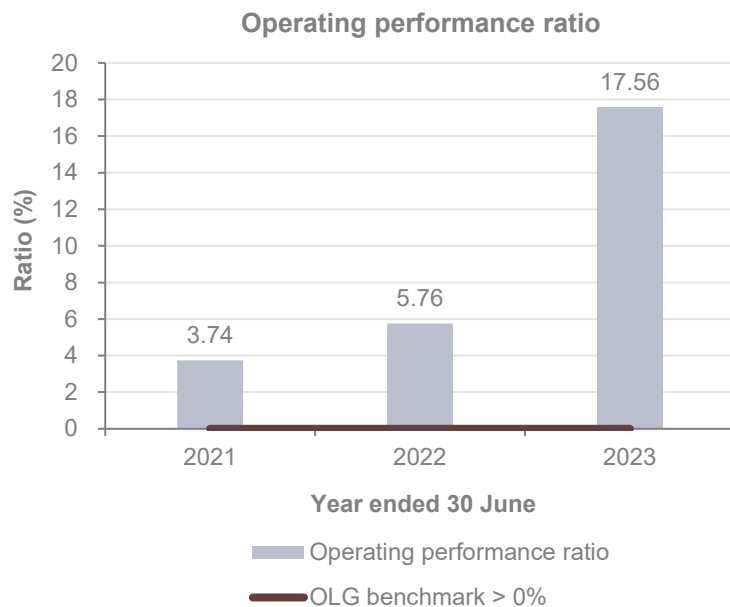
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

The 2022 ratio was restated to correct a prior period error.

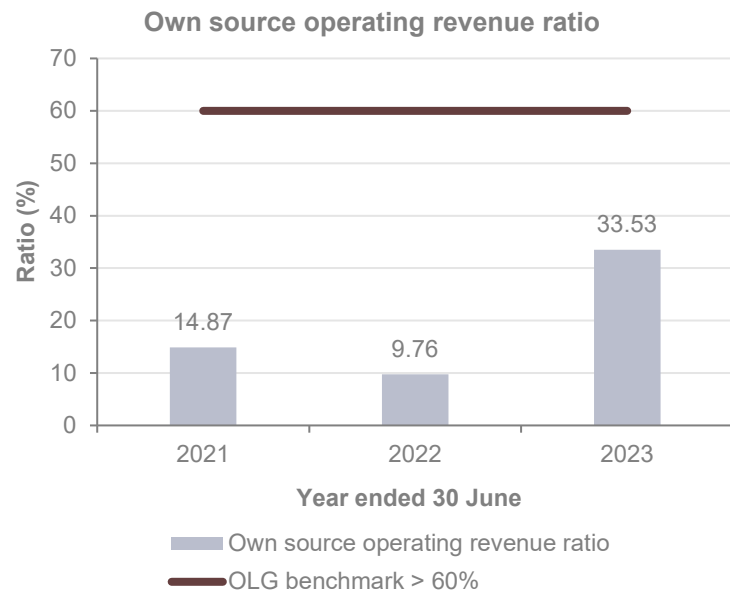
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

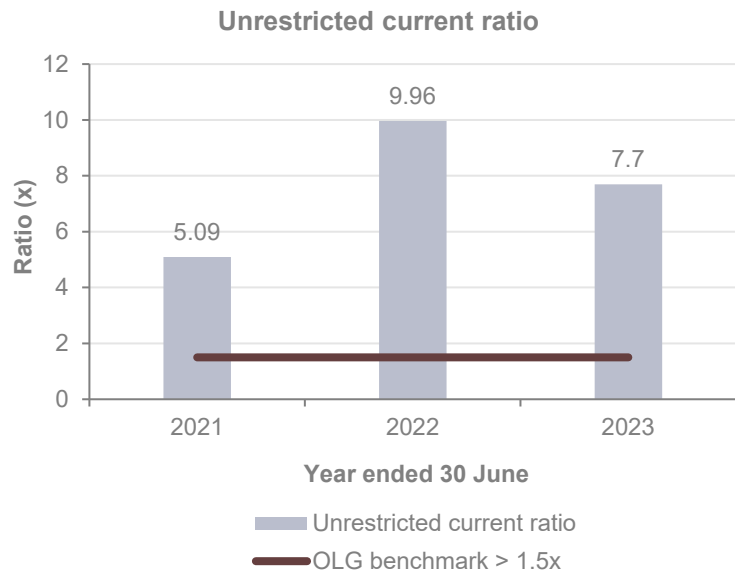
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

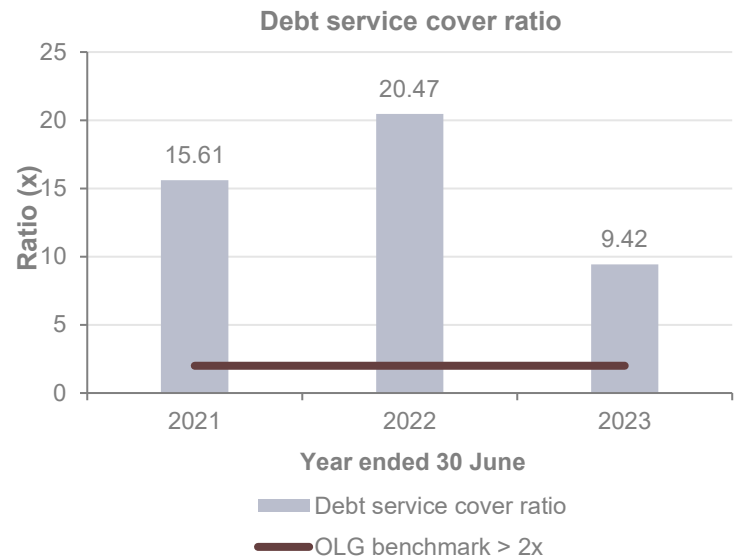
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

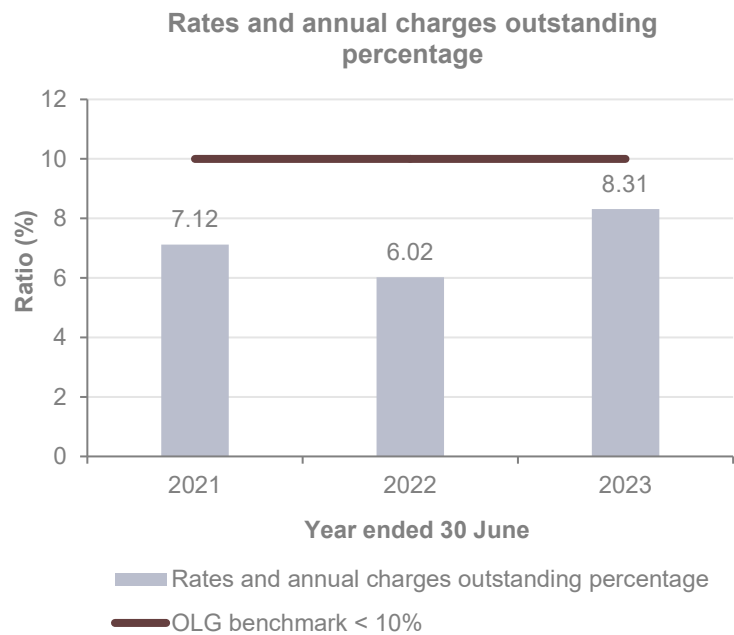
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

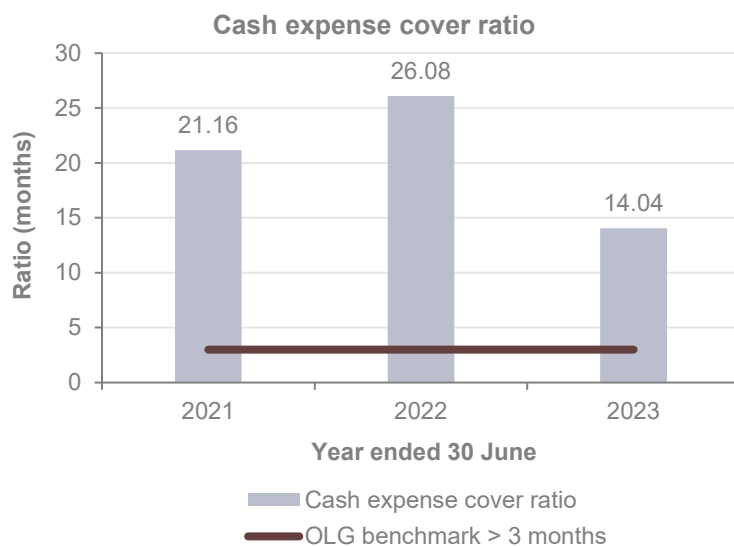
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for metropolitan councils.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$1.7 million compared \$22.1 million for the prior year
- The level of asset renewals during the year represented 30 percent of the total depreciation expense (\$5.7 million) for the year.

OTHER MATTERS

Legislative compliance

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

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited

- staff provided all accounting records and information relevant to the audit.

The Council's:

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



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

Brewarrina Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*Building on the economic and social sustainability in order
to preserve the rich heritage of the community*



Brewarrina Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	10

Background

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

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

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

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

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

Brewarrina Shire Council
Special Purpose Financial Statements
for the year ended 30 June 2023

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

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

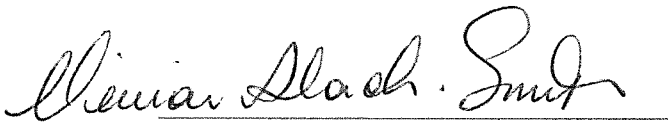
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections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

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

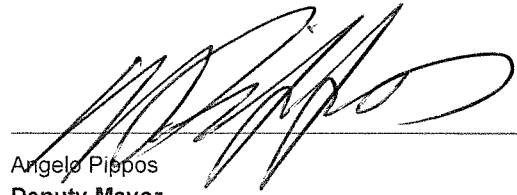
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 25 August 2023.



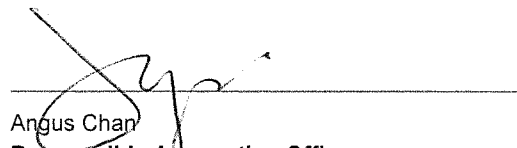
Vivian Slack-Smith
Mayor
25 August 2023



Angelo Pappas
Deputy Mayor
25 August 2023



David Kirby
General Manager
25 August 2023



Angus Chan
Responsible Accounting Officer
25 August 2023

Brewarrina Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	778	754
User charges	280	362
Interest and investment income	93	20
Grants and contributions provided for operating purposes	–	2
Total income from continuing operations	1,151	1,138
Expenses from continuing operations		
Employee benefits and on-costs	200	182
Borrowing costs	–	2
Administration and engineering supervision	247	319
Materials and services	491	297
Depreciation, amortisation and impairment	475	545
Other expenses	39	105
Total expenses from continuing operations	1,452	1,450
Surplus (deficit) from continuing operations before capital amounts	(301)	(312)
Surplus (deficit) from continuing operations after capital amounts	(301)	(312)
Surplus (deficit) from all operations before tax	(301)	(312)
Surplus (deficit) after tax	(301)	(312)
Plus accumulated surplus	2,905	3,217
Closing accumulated surplus	2,604	2,905
Return on capital %	(2.1)%	(2.3)%
Subsidy from Council	875	811
Calculation of dividend payable:		
Surplus (deficit) after tax	(301)	(312)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Brewarrina Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	502	484
Interest and investment income	58	8
Total income from continuing operations	560	492
Expenses from continuing operations		
Employee benefits and on-costs	122	113
Administration and engineering supervision	93	113
Materials and services	165	36
Depreciation, amortisation and impairment	280	196
Other expenses	26	53
Total expenses from continuing operations	686	511
Surplus (deficit) from continuing operations before capital amounts	(126)	(19)
Grants and contributions provided for capital purposes	5	–
Surplus (deficit) from continuing operations after capital amounts	(121)	(19)
Surplus (deficit) from all operations before tax	(121)	(19)
Surplus (deficit) after tax	(121)	(19)
Plus accumulated surplus	846	865
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	725	846
Return on capital %	(1.5)%	(0.2)%
Subsidy from Council	474	297
Calculation of dividend payable:		
Surplus (deficit) after tax	(121)	(19)
Less: capital grants and contributions (excluding developer contributions)	(5)	–
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Brewarrina Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	2,204	2,033
Receivables	251	305
Total current assets	2,455	2,338
Non-current assets		
Infrastructure, property, plant and equipment	14,269	13,696
Total non-current assets	14,269	13,696
Total assets	16,724	16,034
LIABILITIES		
Current liabilities		
Payables	6	6
Borrowings	-	24
Total current liabilities	6	30
Total liabilities	6	30
Net assets	16,718	16,004
EQUITY		
Accumulated surplus	2,604	2,905
Revaluation reserves	14,114	13,099
Total equity	16,718	16,004

Brewarrina Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	987	1,590
Receivables	60	59
Total current assets	1,047	1,649
Non-current assets		
Infrastructure, property, plant and equipment	8,653	7,607
Total non-current assets	8,653	7,607
Total assets	9,700	9,256
LIABILITIES		
Current liabilities		
Contract liabilities	20	–
Total current liabilities	20	–
Total liabilities	20	–
Net assets	9,680	9,256
EQUITY		
Accumulated surplus	725	846
Revaluation reserves	8,955	8,410
Total equity	9,680	9,256

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Council has no Category 1 business activities.

Category 2

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

a. Brewarrina Shire Water Supplies

Comprising the whole of the water supply operations and net assets servicing the town of Brewarrina and the village of Goodooga.

b. Brewarrina Shire Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets servicing the town of Brewarrina and the village of Goodooga.

Taxation equivalent charges

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

Notional rate applied (%)

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

Note – Significant Accounting Policies (continued)

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

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

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

Income tax

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

(iii) Dividends

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



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

To the Councillors of Brewarrina Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Manuel Moncada', written in a cursive style.

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

26 October 2023
SYDNEY

Brewarrina Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

*Building on the economic and social sustainability in order
to preserve the rich heritage of the community*



Brewarrina Shire Council

Special Schedules

for the year ended 30 June 2023

Contents

Page

Special Schedules:

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2023 6

Brewarrina Shire Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	1,136	1,120
Plus or minus adjustments ²	b	(22)	2
Notional general income	c = a + b	1,114	1,122
Permissible income calculation			
Or rate peg percentage	e	0.70%	3.70%
Or plus rate peg amount	i = e x (c + g)	8	42
Sub-total	k = (c + g + h + i + j)	1,122	1,164
Plus (or minus) last year's carry forward total	l	–	23
Sub-total	n = (l + m)	–	23
Total permissible income	o = k + n	1,122	1,187
Less notional general income yield	p	1,120	1,154
Catch-up or (excess) result	q = o – p	2	32
Carry forward to next year ³	t = q + r + s	2	32

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Brewarrina Shire Council

To the Councillors of Brewarrina Shire Council

Opinion

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

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



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

26 October 2023
SYDNEY

Brewarrina Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings – specialised	140	23	456	456	25,620	36,008	17.0%	29.0%	53.0%	1.0%	0.0%
	Buildings – non-specialised	154	–	–	–	2,035	3,446	24.0%	3.0%	60.0%	13.0%	0.0%
	Sub-total	294	23	456	456	27,655	39,454	17.6%	26.7%	53.6%	2.0%	0.1%
Other structures	Other structures	322	331	–	–	5,236	7,898	39.0%	27.0%	20.0%	10.0%	4.0%
	Sub-total	322	331	–	–	5,236	7,898	39.0%	27.0%	20.0%	10.0%	4.0%
Roads, Bridges & Footpaths	Sealed	4,160	5,969	139	139	132,214	154,712	75.0%	9.0%	7.0%	5.0%	4.0%
	Unsealed roads	215	155	–	–	14,657	17,586	55.0%	39.0%	0.0%	5.0%	1.0%
	Bridges	101	–	–	–	18,113	24,088	28.0%	65.0%	5.0%	2.0%	0.0%
	Footpaths	169	–	–	–	2,521	3,363	66.0%	2.0%	0.0%	32.0%	0.0%
	Sub-total	4,645	6,124	139	139	167,505	199,749	67.4%	18.3%	6.0%	5.1%	3.2%
Water supply network	Water supply network	1,958	4,441	246	246	13,970	24,558	16.0%	45.0%	3.0%	18.0%	18.0%
	Sub-total	1,958	4,441	246	246	13,970	24,558	16.0%	45.0%	3.0%	18.0%	18.0%
Sewerage network	Sewerage network	1,409	2,100	103	103	7,721	14,027	16.0%	43.0%	5.0%	21.0%	15.0%
	Sub-total	1,409	2,100	103	103	7,721	14,027	16.0%	43.0%	5.0%	21.0%	15.0%
Stormwater drainage	Stormwater drainage	260	–	–	–	700	1,850	1.0%	10.0%	2.0%	87.0%	0.0%
	Sub-total	260	–	–	–	700	1,850	1.0%	10.0%	2.0%	87.0%	0.0%
Open space / recreational assets	Swimming pools	456	1,465	549	549	1,715	3,061	49.0%	0.0%	3.0%	0.0%	48.0%
	Other recreational	10	–	–	–	1,164	1,347	78.0%	13.0%	5.0%	4.0%	0.0%
	Sub-total	466	1,465	549	549	2,879	4,408	57.9%	4.0%	3.6%	1.2%	33.3%
Aerodromes	Aerodromes	346	387	–	–	2,612	4,623	17.0%	23.0%	34.0%	17.0%	9.0%
	Sub-total	346	387	–	–	2,612	4,623	17.0%	23.0%	34.0%	17.0%	9.0%
Additional asset class (if required)	Levee Bank – Levee Bank	745	755	–	–	3,727	6,489	29.0%	17.0%	5.0%	38.0%	11.0%
	Sub-total	745	755	–	–	3,727	6,489	29.0%	17.0%	5.0%	38.0%	11.0%
Total – all assets		10,445	15,626	1,493	1,493	232,005	303,056	51.5%	22.7%	12.6%	7.9%	5.3%

Brewarrina Shire Council

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

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

Infrastructure asset condition assessment 'key'

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

Brewarrina Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022 ³	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	1,620	37.62%	719.07%	918.79%	> 100.00%
Depreciation, amortisation and impairment	4,306				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	10,445	4.48%	1.27%	1.60%	< 2.00%
Net carrying amount of infrastructure assets	233,339				
Asset maintenance ratio					
Actual asset maintenance	1,493	100.00%	110.15%	88.35%	> 100.00%
Required asset maintenance	1,493				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	15,626	5.16%	1.06%	1.26%	
Gross replacement cost	303,056				

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

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

(3) Restated - see Note G4-1

Brewarrina Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022 ²	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	46.97%	969.46%	0.00%	20.85%	0.00%	0.51%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	3.45%	1.29%	14.02%	1.43%	18.25%	1.51%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	100.00%	110.05%	100.00%	150.00%	100.00%	52.83%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	3.44%	1.10%	18.08%	0.89%	14.97%	0.88%	

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

(2) Restated - see Note G4-1



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Brewarrina Shire Council

To the Councillors of Brewarrina Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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



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

26 October 2023
SYDNEY



Cr Vivian Slack-Smith
Mayor
Brewarrina Council
PO Box 125
BREWARRINA NSW 2839

Contact: Manuel Moncada
Phone no: 02 9275 7333
Our ref: R008-16585809-46251

26 October 2023

Dear Mayor

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

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

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

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

INCOME STATEMENT

Operating result

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	2.62	2.44	↑ 7.4
Grants and contributions revenue	20.77	43.07	↓ 51.8
Operating result from continuing operations	9.42	34.52	↓ 72.7
Net operating result before capital grants and contributions	4.90	0.69	↑ 610

* The 2022 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.

Council's operating result (\$9.42 million including the effect of depreciation and amortisation expense of \$5.66 million) was \$25.10 million lower than the 2021–22 result. This was mainly due to the receipt of significant capital grant funding, and contributed assets of \$13 million relating to the Yetta Dhinnakkai Correction Centre in the prior year.

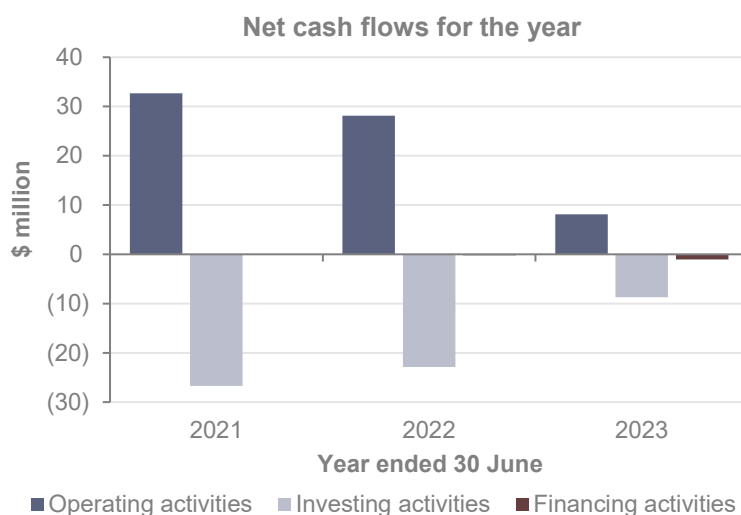
The net operating result before capital grants and contributions (\$4.90 million) was \$4.21 million higher than the 2021–22 result. This was mainly due to increased receipts of financial assistance and other operating grants.

Rates and annual charges revenue (\$2.62 million) increased by \$180,000 (7.4 per cent) in 2022–2023. Contributing to the increase was increased water supply and sewerage services charges.

Grants and contributions revenue (\$20.77 million) decreased by \$22.30 million (51.8 per cent) in 2022–2023 due to the receipt of significant capital grant funding, and contributed assets of \$13 million relating to the Yetta Dhinnakkai Correction Centre in the prior year.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$1.7 million to \$19.3 million at the close of the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	19.3	21.0	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, domestic waste management charges and water and sewerage funds. Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	10.7	8.4	
• Internal allocations	8.0	12.1	

Debt

After repaying principal and interest of \$1.1 million during the financial year, total debt as at 30 June 2023 was \$363,000 (2022: \$1.4 million).

PERFORMANCE

Performance measures

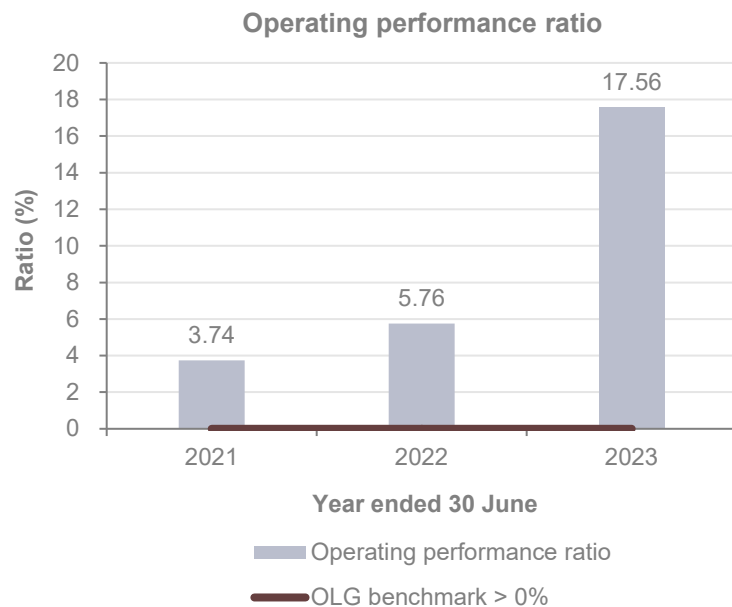
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

The 2022 ratio was restated to correct a prior period error.

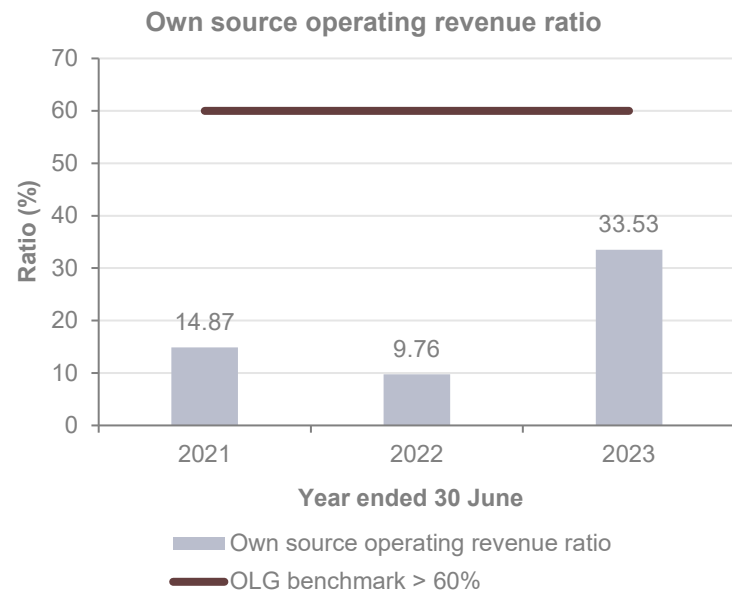
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

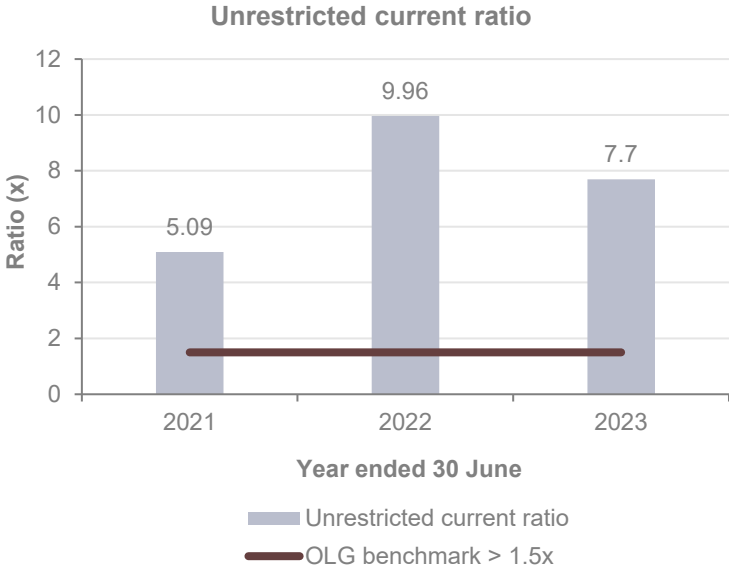
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

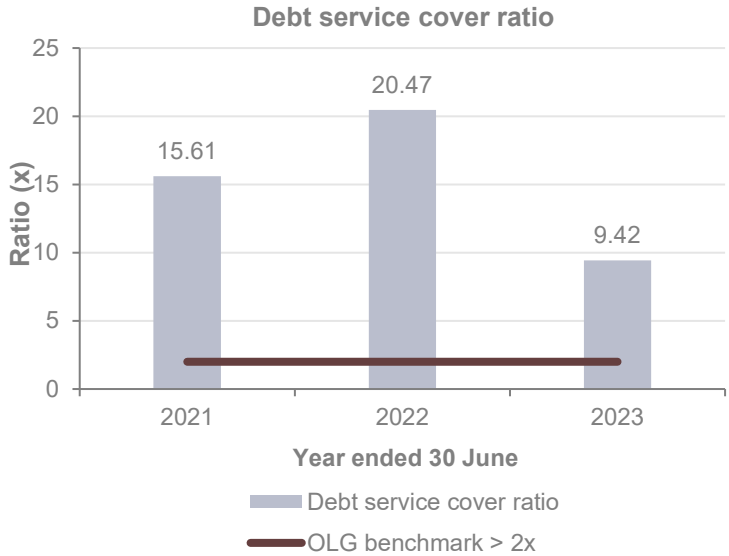
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

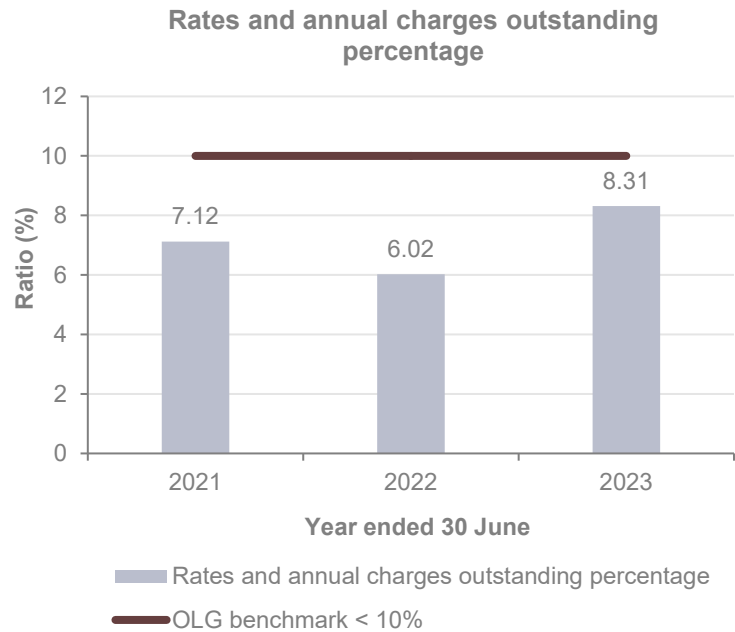
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

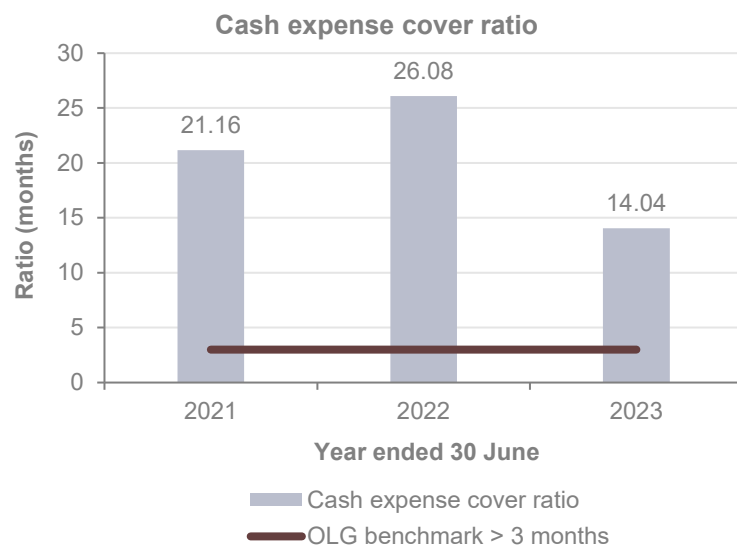
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for metropolitan councils.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$1.7 million compared \$22.1 million for the prior year
- The level of asset renewals during the year represented 30 percent of the total depreciation expense (\$5.7 million) for the year.

OTHER MATTERS

Legislative compliance

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

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited

- staff provided all accounting records and information relevant to the audit.

The Council's:

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

A handwritten signature in black ink, appearing to read 'Manuel Moncada', with a stylized flourish extending from the end.

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