

Bogan Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



Bogan Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Bogan Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

81 Cobar Street
Nyngan NSW 2825

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.bogan.nsw.gov.au.

Bogan Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Bogan Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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:

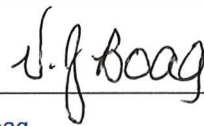
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 2022.



G R J Neill
Mayor
25 August 2022



V J Boag
Councillor
25 August 2022



D A Francis
General Manager
25 August 2022



S A Waterhouse
Responsible Accounting Officer
25 August 2022

Bogan Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
	Income from continuing operations			
5,302	Rates and annual charges	B2-1	5,210	5,203
3,913	User charges and fees	B2-2	9,489	9,144
159	Other revenues	B2-3	245	299
7,883	Grants and contributions provided for operating purposes	B2-4	12,862	9,728
150	Grants and contributions provided for capital purposes	B2-4	7,747	4,786
108	Interest and investment income	B2-5	129	152
211	Other income	B2-6	209	181
286	Net gain from the disposal of assets	B4-1	65	106
18,012	Total income from continuing operations		35,956	29,599
	Expenses from continuing operations			
7,373	Employee benefits and on-costs	B3-1	7,903	7,990
10,438	Materials and services	B3-2	13,300	11,388
75	Borrowing costs	B3-3	73	78
4,109	Depreciation, amortisation and impairment of non-financial assets	B3-4	4,479	4,145
449	Other expenses	B3-5	263	428
22,444	Total expenses from continuing operations		26,018	24,029
(4,432)	Operating result from continuing operations		9,938	5,570
(4,432)	Net operating result for the year attributable to Council		9,938	5,570
(348)	Net operating result for the year before grants and contributions provided for capital purposes		2,191	784

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

Bogan Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
Net operating result for the year – from Income Statement		9,938	5,570
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>12,111</u>	<u>(48)</u>
Total items which will not be reclassified subsequently to the operating result		12,111	(48)
Total other comprehensive income for the year		12,111	(48)
Total comprehensive income for the year attributable to Council		22,049	5,522

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

Bogan Shire Council

Statement of Financial Position

as at 30 June 2022

	Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	10,643	13,684
Investments	C1-2	6,800	2,800
Receivables	C1-4	10,347	5,320
Inventories	C1-5	655	659
Other		130	103
Total current assets		28,575	22,566
Non-current assets			
Receivables	C1-4	1,307	671
Infrastructure, property, plant and equipment (IPPE)	C1-6	257,757	239,583
Investments accounted for using the equity method	D2-1,D2-3	75	70
Total non-current assets		259,139	240,324
Total assets		287,714	262,890
LIABILITIES			
Current liabilities			
Payables	C3-1	3,182	1,852
Contract liabilities	C3-2	4,967	3,327
Borrowings	C3-3	123	119
Employee benefit provisions	C3-4	1,929	2,005
Total current liabilities		10,201	7,303
Non-current liabilities			
Borrowings	C3-3	2,062	2,185
Total non-current liabilities		2,062	2,185
Total liabilities		12,263	9,488
Net assets		275,451	253,402
EQUITY			
Accumulated surplus	C4-1	178,172	168,234
IPPE revaluation reserve	C4-1	97,279	85,168
Council equity interest		275,451	253,402
Total equity		275,451	253,402

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

Bogan Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	2022			2021		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		168,234	85,168	253,402	162,664	85,216	247,880
Net operating result for the year		9,938	–	9,938	5,570	–	5,570
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	12,111	12,111	–	(48)	(48)
Other comprehensive income		–	12,111	12,111	–	(48)	(48)
Total comprehensive income		9,938	12,111	22,049	5,570	(48)	5,522
Closing balance at 30 June		178,172	97,279	275,451	168,234	85,168	253,402

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

Bogan Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

<i>Original unaudited budget 2022 \$ '000</i>		Notes	<i>Actual 2022 \$ '000</i>	<i>Actual 2021 \$ '000</i>
Cash flows from operating activities				
<i>Receipts:</i>				
5,201	Rates and annual charges		5,178	5,468
3,406	User charges and fees		8,538	9,221
87	Interest received		105	73
9,128	Grants and contributions		17,707	15,843
–	Bonds, deposits and retentions received		28	29
190	Other		2,493	969
<i>Payments:</i>				
(7,590)	Payments to employees		(7,945)	(7,965)
(5,509)	Payments for materials and services		(14,853)	(12,716)
(75)	Borrowing costs		(75)	(79)
–	Bonds, deposits and retentions refunded		(29)	(28)
(1,587)	Other		(255)	(325)
3,251	Net cash flows from operating activities	G1-1	10,892	10,490
Cash flows from investing activities				
<i>Receipts:</i>				
–	Redemption of term deposits		2,800	7,800
286	Proceeds from sale of IPPE		314	562
<i>Payments:</i>				
–	Acquisition of term deposits		(6,800)	(2,800)
(3,423)	Payments for IPPE		(10,128)	(7,920)
(3,137)	Net cash flows from investing activities		(13,814)	(2,358)
Cash flows from financing activities				
<i>Payments:</i>				
(119)	Repayment of borrowings		(119)	(116)
(119)	Net cash flows from financing activities		(119)	(116)
(5)	Net change in cash and cash equivalents		(3,041)	8,016
9,580	Cash and cash equivalents at beginning of year		13,684	5,668
9,575	Cash and cash equivalents at end of year	C1-1	10,643	13,684
6,800	plus: Investments on hand at end of year	C1-2	6,800	2,800
16,375	Total cash, cash equivalents and investments		17,443	16,484

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

Bogan Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 25 August 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

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

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and 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.

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.

A1-1 Basis of preparation (continued)

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

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

Volunteer services

Council has volunteers at the Nyngan Museum. If this service was not donated then Council would not provide it.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

Council does not expect any material impact from the above amendments.

This standard has an effective date for the 30 June 2023 reporting period.

A1-1 Basis of preparation (continued)

New accounting standards adopted during the year

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

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

B Financial Performance

B1 Functions or activities

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

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

	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>
Functions or activities										
Civic Leadership – Leadership, Advocacy & Governance	–	–	721	656	(721)	(656)	–	–	–	176
Civic Leadership – Managing Our Business	7,417	6,322	1,524	1,647	5,893	4,675	4,180	2,989	25,904	19,403
Economic – Local Industries & Business	37	5	96	53	(59)	(48)	14	–	312	431
Economic – Public Transport & Air Services	45	359	99	103	(54)	256	44	358	279	232
Economic – Tourism	246	362	88	89	158	273	235	350	–	18
Environmental – Built Environment	1,755	655	1,602	1,496	153	(841)	1,585	486	2,884	2,425
Environmental – Health, Safety & Regulation	41	19	397	521	(356)	(502)	–	–	23	14
Environmental – Natural Environment	42	44	151	129	(109)	(85)	42	68	–	–
Environmental – Waste & Recycling	1,072	996	982	914	90	82	12	–	197	95
Infrastructure – Sewer	541	544	845	768	(304)	(224)	–	–	12,033	11,837
Infrastructure – Transport Networks	15,110	13,574	12,650	10,761	2,460	2,813	8,003	6,891	182,718	173,977
Infrastructure – Water	5,056	2,643	2,139	1,917	2,917	726	3,005	562	40,065	35,333
Social – Community Centres	1,778	1,635	1,328	1,486	450	149	1,693	1,401	17,958	13,052
Social – Education	–	–	2	2	(2)	(2)	–	–	–	–
Social – Emergency Services	144	240	276	306	(132)	(66)	144	152	795	871
Social – Inclusive Communities	1,800	1,436	1,417	1,461	383	(25)	1,461	1,078	1,909	2,395
Social – Public Health	869	762	1,595	1,569	(726)	(807)	171	153	2,569	1,643
Social – Social & Cultural	3	3	106	151	(103)	(148)	20	26	68	988
Total functions and activities	35,956	29,599	26,018	24,029	9,938	5,570	20,609	14,514	287,714	262,890

B1-2 Components of functions or activities

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

Social - Social & Cultural

Council function includes not-for-profit community functions where Council assists community organisations to achieve their outcomes. This function also includes Councils community and social development role that helps to apply for Grants for Council and to assist with strategic direction.

Social - Community Centres

Council function includes community facilities maintained by Council such as Parks & Gardens, Sport & Recreation Facilities, Cemetery, Swimming Pool, Library as well as Halls, Museum & Historic Buildings.

Social - Inclusive Communities

Council function supports children, the elderly and people with disabilities. This includes Councils Bogan Bush Mobile Service, Early Learning Centre, Youth Services and Seniors Living.

Social - Education

Council function that supports our local schools with providing access to education at all levels.

Social - Public Health

Council function aims to ensure our community has access to medical services, facilities and programs to enhance and protect health in the community. This includes our Council run Medical Centre as well as support to other health practitioners within the town.

Social - Emergency Services

Council function that supports our fire, police and ambulance services to provide effective and efficient services to the community. This includes administrative support to the District Rural Fire Service as well as hazard reduction programs done in conjunction with the RFS and support to other emergency services.

Infrastructure - Transport Networks

Council function to construct and maintain the Bogan Shire transport network to enable safe and efficient travel and freight throughout the Shire. Council has a large fleet of plant and equipment used primarily to carryout its own roadworks as well as contract work to the Shires highways on behalf of the Roads & Maritime Services. Council maintains its own plant and equipment and uses the plan system to fund this function.

Infrastructure - Water

Council has access to a safe and secure water supply that provides the community with a reliable, safe and cost effective water service to the Nyngan township as well as a raw water supply to Councils villages.

Infrastructure - Sewer

Council has access to a safe and reliable sewerage service.

Environmental - Built Environment

This Council function includes development and building control through respectful planning processes and facilitation of development in line with statutory requirements as well as the building and maintenance of Council owned buildings.

Environmental - Waste & Recycling

Council function that aims to ensure our waste stream is effectively managed. This includes activities such as waste collection, waste recycling and Councils waste disposal facility.

B1-2 Components of functions or activities (continued)

Environmental - Natural Environment

Council function that aims to ensure open space areas are protected and managed to preserve their valued use and biodiversity while minimising the impact of pollution and weeds on the environment. Council has a noxious weeds program that assists to achieve this outcome.

Environmental - Health, Safety & Regulation

This Council function helps to meet compliance and regulatory obligations concerning public health. Activities include environmental administration function, storm water & drainage as well as animal control and other compliance management.

Economic - Local Industries & Business

Council aims to assist local industries and businesses including Tourism to support them to grow and prosper including Councils villages.

Economic - Tourism

Council function aims to ensure Bogan Shire is regarded as a welcoming and attractive place for people to live and visit, producing services, cultural experiences and recreational opportunities. Activities include the Council run visitor information centre.

Economic - Public Transport & Air Services

Council function that aims to ensure Bogan Shire has reliable, cost effective and regular public transport to and from our town. Council does provide and maintain an aerodrome to enable air services to access Nyngan.

Civic Leadership - Leadership, Advocacy & Governance

Council function that aims to achieve open, transparent and effective local government. The activities include Elected Members and the General Manager functions.

Civic Leadership - Managing Our Business

This function of Council aims to achieve effective and responsive management of Councils resources to deliver all goals and strategies. Activities include Corporate Services, Rates, Finance, Information Technology, Records, Customer Service, People & Culture, Human Resources and Occupational Health and Safety.

Civic Leadership - Disaster Management

Council function to ensure Council has the ability to plan, arrange and implement measures for the prevention of, preparation for, response to and recovery from emergencies. An activity of the function is to maintain Council's Levee Bank to prevent future flooding.

B2 Sources of income

B2-1 Rates and annual charges

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
Ordinary rates		
Residential	317	324
Farmland	1,839	1,804
Mining	608	691
Business	261	246
Less: pensioner rebates (mandatory)	(8)	(8)
Less: pensioner rebates (Council policy)	(6)	(6)
Rates levied to ratepayers	3,011	3,051
Pensioner rate subsidies received	8	8
Total ordinary rates	3,019	3,059
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	825	807
Water supply services	880	858
Sewerage services	372	371
Waste management services (non-domestic)	144	140
Less: pensioner rebates (mandatory)	(36)	(37)
Less: pensioner rebates (Council policy)	(30)	(31)
Annual charges levied	2,155	2,108
Pensioner subsidies received:		
– Water	9	9
– Sewerage	8	8
– Domestic waste management	19	19
Total annual charges	2,191	2,144
Total rates and annual charges	5,210	5,203

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

	<i>Timing</i>	2022 Actual \$ '000	2021 Actual \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	1,144	1,197
Sewerage services	1	149	149
Total specific user charges		1,293	1,346
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services	2	4	–
Planning and building regulation	2	44	47
Private works – section 67	2	235	173
Regulatory/ statutory fees	2	12	6
Regulatory fees	2	2	2
Section 10.7 certificates (EP&A Act)	2	11	13
Section 603 certificates	2	7	9
Total fees and charges – statutory/regulatory		315	250
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	2	30	20
Child care	2	274	257
Library and art gallery	2	3	2
Medical centre	2	659	691
Museum	2	6	4
Waste disposal tipping fees	2	53	26
Park rents	2	–	3
Reimbursements	2	84	204
Transport for NSW works (state roads not controlled by Council)	2	6,762	6,330
Sundry sales	2	1	6
Water connection fees	2	9	5
Total fees and charges – other		7,881	7,548
Total other user charges and fees		8,196	7,798
Total user charges and fees		9,489	9,144
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		1,293	1,346
User charges and fees recognised at a point in time (2)		8,196	7,798
Total user charges and fees		9,489	9,144

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, the customer is required to pay on arrival or in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as membership fees 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 the term of the licence.

B2-3 Other revenues

	<i>Timing</i>	2022 Actual \$ '000	2021 Actual \$ '000
Legal fees recovery – rates and charges (extra charges)	2	6	1
Carbon Bank Energy Rebate	2	3	50
Diesel rebate	2	103	141
Insurance claims recoveries	2	2	20
Sales – general	2	6	17
Insurance policy rebate	2	25	27
Other (Private Works)	2	23	–
Other (Procurement rebate)	2	3	–
Sales – scrap metal	2	38	21
Other	2	36	22
Total other revenue		245	299
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		245	299
Total other revenue		245	299

Accounting policy for other revenue

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

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

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

		Operating 2022 Actual \$ '000	Operating 2021 Actual \$ '000	Capital 2022 Actual \$ '000	Capital 2021 Actual \$ '000
	<i>Timing</i>				
General purpose grants and non-developer contributions (untied)					
Current year allocation					
Financial assistance – general component	2	1,648	1,444	–	–
Financial assistance – local roads component	2	802	721	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,530	1,545	–	–
Financial assistance – local roads component	2	1,237	774	–	–
Amount recognised as income during current year		6,217	4,484	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Bushfire and emergency services	2	144	152	–	–
Water supplies	1	141	7	2,864	555
Child care	2	827	805	9	–
Community centres	1	–	–	14	–
Economic development	1	–	–	235	351
Heritage and cultural	2	–	2	–	–
Library	2	68	68	–	–
Noxious weeds	2	42	43	–	–
Recreation and culture	1	20	51	1,650	1,331
Street lighting	2	16	16	–	–
Storm/flood damage	1	2,664	1,375	–	–
Transport (other roads and bridges funding)	1	39	–	1,036	1,867
Medical centre	1	172	60	333	111
Youth services	1	3	100	600	164
Wage subsidy apprentices	2	50	57	–	–
Other (Affordable Seniors Living)	1	–	–	–	363
Other (GP Housing)	1	–	–	367	36
Other (Bogan Shire Youth & Community Centre)	1	–	–	627	8
Transport (roads to recovery)	2	1,140	1,367	–	–
Other specific grants	2	224	50	12	–
Previously contributions:					
Transport for NSW contributions (regional roads, block grant)	2	970	970	–	–
Total special purpose grants and non-developer contributions (tied)		6,520	5,123	7,747	4,786
Total grants and non-developer contributions		12,737	9,607	7,747	4,786
Comprising:					
– Commonwealth funding		2,138	2,213	1,657	1,395
– State funding		10,549	7,316	6,090	3,391
– Other funding		50	78	–	–
		12,737	9,607	7,747	4,786

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2022 Actual \$ '000	<i>Operating 2021 Actual \$ '000</i>	Capital 2022 Actual \$ '000	<i>Capital 2021 Actual \$ '000</i>
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):		G4				
Cash contributions						
S 7.4 – contributions using planning agreements		2	125	121	–	–
Total developer contributions			125	121	–	–
Total contributions			125	121	–	–
Total grants and contributions			12,862	9,728	7,747	4,786
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			3,039	1,568	7,738	4,786
Grants and contributions recognised at a point in time (2)			9,823	8,160	9	–
Total grants and contributions			12,862	9,728	7,747	4,786

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 2022 Actual \$ '000	<i>Operating 2021 Actual \$ '000</i>	Capital 2022 Actual \$ '000	<i>Capital 2021 Actual \$ '000</i>
Unspent grants and contributions				
Unspent funds at 1 July	1,019	499	-	-
Add: Funds received and not recognised as revenue in the current year	2,518	1,019	-	-
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,513)	(499)	-	-
Unspent funds at 30 June	1,024	1,019	-	-

Roads to Recovery \$434K Rural Fire Service \$172K Youth & Community Worker \$97K Planning Portal \$80K Crown Land Management Plans \$68 OLG ESL Grant \$57K Bogan River Bush Care Group \$91K Street Tree Planting \$25K

Council's unspent Capital grants are included in Contract Liabilities and restricted internally

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include Transport for NSW Ordered Works, Local Roads and Community Infrastructure and Fixing Local Roads. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

	2022 Actual \$ '000	2021 Actual \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	39	25
– Overdue user fees and charges	15	5
– Cash and investments	67	113
– Other	8	9
Total interest and investment income (losses)	129	152
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	18	20
General Council cash and investments	56	77
Restricted investments/funds – external:		
Water fund operations	26	17
Sewerage fund operations	20	27
Domestic waste management operations	9	11
Total interest and investment income	129	152

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 when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

	2022 Actual \$ '000	2021 Actual \$ '000
	Notes	
Rental income		
Other lease income		
Room/Facility Hire	41	36
Leaseback fees - council vehicles	11	10
Other	152	126
Total other lease income	204	172
Total rental income	204	172
Net share of interests in joint ventures and associates using the equity method		
Joint ventures	5	9
Total net share of interests in joint ventures and associates using the equity method	5	9
Total other income	209	181

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
Salaries and wages	6,349	6,305
Employee leave entitlements (ELE)	1,157	1,245
ELE on-costs	15	16
Superannuation	724	724
Workers' compensation insurance	297	227
Fringe benefit tax (FBT)	49	31
Total employee costs	8,591	8,548
Less: capitalised costs	(688)	(558)
Total employee costs expended	7,903	7,990
Number of 'full-time equivalent' employees (FTE) at year end	93	93

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	2022 Actual \$ '000	2021 Actual \$ '000
Raw materials and consumables		7,735	8,274
Contractor and consultancy costs		14,332	9,812
Audit Fees	F2-1	63	46
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	153	162
Advertising		19	15
Bank charges		13	11
Cleaning		14	11
Computer software charges		286	169
Election expenses		35	–
Electricity and heating		231	202
Fire control expenses		66	81
Insurance		535	490
Office expenses (including computer expenses)		37	28
Postage		13	13
Printing and stationery		34	33
Street lighting		100	96
Subscriptions and publications		47	53
Telephone and communications		77	76
Tourism expenses (excluding employee costs)		6	7
Valuation fees		47	16
Travel expenses		21	19
Training costs (other than salaries and wages)		118	94
Other expenses		12	12
Legal expenses:			
– Legal expenses: planning and development		4	1
– Legal expenses: debt recovery		6	1
– Legal expenses: other		7	10
Expenses from short-term leases		16	16
Expenses from leases of low value assets		11	12
Expenses from Peppercorn leases		9	9
Total materials and services		24,047	19,769
Less: capitalised costs		(10,747)	(8,381)
Total materials and services		13,300	11,388

Accounting policy

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

B3-3 Borrowing costs

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
Interest bearing liability costs		
Interest on loans	73	78
Total interest bearing liability costs	73	78
Total borrowing costs expensed	73	78

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	2022 \$ '000	2021 \$ '000
Depreciation and amortisation			
Plant and equipment		812	739
Office equipment		89	85
Furniture and fittings		20	17
Infrastructure:	C1-6		
– Buildings – non-specialised		272	267
– Buildings – specialised		485	403
– Other structures		94	74
– Roads		1,730	1,635
– Bridges		154	109
– Footpaths		60	91
– Stormwater drainage		7	13
– Water supply network		534	502
– Sewerage network		222	210
Total depreciation and amortisation costs		4,479	4,145
Total depreciation, amortisation and impairment for non-financial assets		4,479	4,145

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.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

	Notes	2022 Actual \$ '000	2021 Actual \$ '000
Impairment of receivables			
Rates and annual charges		70	154
Total impairment of receivables	C1-4	70	154
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		161	214
Donations, contributions and assistance to other organisations (Section 356)		32	60
Total other expenses		263	428

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	2022 <i>Actual</i> \$ '000	2021 <i>Actual</i> \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		253	458
Less: carrying amount of plant and equipment assets sold/written off		<u>(206)</u>	<u>(378)</u>
Gain (or loss) on disposal		<u>47</u>	<u>80</u>
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		2,800	7,800
Less: carrying amount of term deposits sold/redeemed/matured		<u>(2,800)</u>	<u>(7,800)</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Other (Operational Land)			
Proceeds from disposal – Other (Operational Land)		61	104
Less: carrying amount of Other (Operational Land) assets sold/written off		<u>(43)</u>	<u>(78)</u>
Gain (or loss) on disposal		<u>18</u>	<u>26</u>
Net gain (or loss) from disposal of assets		<u>65</u>	<u>106</u>

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 24/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Rates and annual charges	5,302	5,210	(92)	(2)% U
Council had a write off of a Mining rate due to an objection to the rating category. The proposed mine was given a lease by the government but they have not commenced mining operations.				
User charges and fees	3,913	9,489	5,576	142% F
Council received additional funding from TfNSW contract and ordered works to what was originally budgeted.				
Other revenues	159	245	86	54% F
Council received additional Waste Collection Income and Compliance income to what was originally budgeted.				
Operating grants and contributions	7,883	12,862	4,979	63% F
Council received Local Roads and Community Infrastructure Grant, Fixing Local Roads and Emergency Works Flood Damage funding that wasn't originally budgeted.				
Capital grants and contributions	150	7,747	7,597	5,065% F
Council received additional Operating and Capital grants that weren't originally budgeted for due to the State and Federal Governments allocating funding to Council throughout the year through the Fixing Local Roads Program, Resources for Regions, Stronger Country Communities and Local Roads and Community infrastructure Programs.				
Interest and investment revenue	108	129	21	19% F
Interest rates increased throughout the year which meant an increase to Council's investment income.				
Net gains from disposal of assets	286	65	(221)	(77)% U
The amount of income budgeted did not take into account the cost of disposal of the Capital Items and therefore a variation to the budget.				
Other income	211	209	(2)	(1)% U
Council received additional income to what was originally budgeted.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	7,373	7,903	(530)	(7)% U
Employee costs increased due to additional costs for TfNSW Ordered Works and contract works as well as other Grants received allowing Council to employ additional staff to complete the work.				
Materials and services	10,438	13,300	(2,862)	(27)% U
Materials and services costs increased due to additional expenditure required on TfNSW Ordered works and Grant projects that weren't originally budgeted.				
Borrowing costs	75	73	2	3% F
Depreciation, amortisation and impairment of non-financial assets	4,109	4,479	(370)	(9)% U
Revaluations were done on Roads, Buildings and other structures leading to an increase in depreciation.				
Other expenses	449	263	186	41% F
Expenses were allocated to areas of materials and services instead of other expenses.				
Statement of cash flows				
Cash flows from operating activities	3,251	10,892	7,641	235% F
Additional operating cash flows due to extra income from TfNSW Contract and Ordered Works as well as additional grant funding provided throughout the year.				
Cash flows from investing activities	(3,137)	(13,814)	(10,677)	340% U
Additional cash flows are due to additional funding received allowing investment in infrastructure for Council.				
Cash flows from financing activities	(119)	(119)	-	0% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2022 Actual \$ '000	2021 Actual \$ '000
Cash assets		
Cash on hand and at bank	102	104
Cash equivalent assets		
– Deposits at call	10,541	13,580
Total cash and cash equivalents	10,643	13,684

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	10,643	13,684
Balance as per the Statement of Cash Flows	10,643	13,684

Accounting policy

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

C1-2 Financial investments

	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Debt securities at amortised cost				
Long term deposits	6,800	-	2,800	-
Total	6,800	-	2,800	-
Total financial investments	6,800	-	2,800	-
Total cash assets, cash equivalents and investments	17,443	-	16,484	-

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	17,443	16,484
Less: Externally restricted cash, cash equivalents and investments	(3,924)	(4,357)
Cash, cash equivalents and investments not subject to external restrictions	13,519	12,127
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	216	90
Specific purpose unexpended grants (recognised as revenue) – general fund	1,024	1,019
Water fund	513	998
Sewer fund	2,171	2,250
External restrictions – other	3,924	4,357
Total external restrictions	3,924	4,357

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

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

	2022	2021
	Actual	Actual
	\$ '000	\$ '000

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	13,519	12,127
Less: Internally restricted cash, cash equivalents and investments	(12,174)	(8,313)
Unrestricted and unallocated cash, cash equivalents and investments	1,345	3,814

Internal allocations

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

Plant and vehicle replacement	2,191	1,069
Employees leave entitlement	463	501
Carry over works	3,022	1,350
FAG grant in advance	3,767	2,319
Museum	21	27
Other (capital building projects)	84	1,232
Roads and ancillary services	2,359	1,483
Village amenities	94	114
Waste facility	170	166
Showground Upgrades	3	52
Total internal allocations	12,174	8,313

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

	2022	2021
	Actual	Actual
	\$ '000	\$ '000

(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	1,345	3,814
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C1-4 Receivables

	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Rates and annual charges	343	342	423	422
Interest and extra charges	–	207	–	196
User charges and fees	3,204	151	2,412	–
Private works	412	–	7	–
Contributions to works	–	–	529	–
Accrued revenues				
– Interest on investments	17	–	4	–
Government grants and subsidies	6,238	501	1,934	–
Net ATO receivable	139	–	142	–
Other debtors	1	143	10	90
Total	10,354	1,344	5,461	708
Less: provision for impairment				
Rates and annual charges	(7)	–	(141)	–
Interest and extra charges	–	(37)	–	(37)
Total provision for impairment – receivables	(7)	(37)	(141)	(37)
Total net receivables	10,347	1,307	5,320	671
Externally restricted receivables				
Water supply				
– Specific purpose grants	911	500	508	27
– Rates and availability charges	97	65	95	62
– Other	269	108	250	89
Sewerage services				
– Rates and availability charges	64	39	35	25
– Other	–	–	26	13
Total external restrictions	1,341	712	914	216
Unrestricted receivables	9,006	595	4,406	455
Total net receivables	10,347	1,307	5,320	671

C1-4 Receivables (continued)

	2022 Actual \$ '000	2021 Actual \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	178	24
+ new provisions recognised during the year	–	154
– amounts already provided for and written off this year	(134)	–
Balance at the end of the year	44	178

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Inventories at cost				
Stores and materials	655	-	659	-
Total inventories at cost	655	-	659	-
Total inventories	655	-	659	-

Externally restricted assets

There are no restrictions applicable to the above assets.

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Revaluation decrements to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	3,950	–	3,950	420	3,365	–	–	(2,059)	–	–	5,676	–	5,676
Plant and equipment	9,785	(3,623)	6,162	676	223	(203)	(812)	–	–	–	10,231	(4,185)	6,046
Office equipment	844	(567)	277	72	48	(3)	(89)	–	–	–	891	(586)	305
Furniture and fittings	257	(136)	121	8	30	–	(20)	–	–	–	295	(156)	139
Land:													
– Operational land	323	–	323	–	13	(43)	–	–	–	17	310	–	310
– Community land	1,787	–	1,787	–	–	–	–	–	–	–	1,787	–	1,787
– Crown land	1,022	–	1,022	–	–	–	–	–	–	–	1,022	–	1,022
Infrastructure:													
– Other structures	4,500	(1,470)	3,030	52	275	–	(94)	257	–	25	5,561	(2,016)	3,545
– Buildings – specialised	19,088	(10,846)	8,242	21	90	–	(485)	15	–	2,848	24,401	(13,670)	10,731
– Buildings – non-specialised	14,884	(5,712)	9,172	–	2,258	–	(272)	211	(255)	–	15,505	(4,391)	11,114
– Roads	104,287	(25,077)	79,210	2,568	518	–	(1,730)	1,576	(14,452)	–	102,868	(35,178)	67,690
– Bridges	14,100	(2,363)	11,737	–	–	–	(154)	–	(647)	–	19,138	(8,202)	10,936
– Footpaths	3,995	(2,205)	1,790	–	6	–	(60)	–	–	311	4,603	(2,556)	2,047
– Bulk earthworks (non-depreciable)	63,710	–	63,710	–	–	–	–	–	–	21,206	84,916	–	84,916
– Stormwater drainage	8,264	(154)	8,110	41	–	–	(7)	–	–	767	9,098	(187)	8,911
– Water supply network	43,983	(12,531)	31,452	107	–	–	(534)	–	–	1,824	46,600	(13,751)	32,849
– Sewerage network	18,001	(8,513)	9,488	–	–	–	(222)	–	–	467	18,956	(9,223)	9,733
Other assets:													
– Other	154	(154)	–	–	–	–	–	–	–	–	154	(154)	–
Total infrastructure, property, plant and equipment	312,934	(73,351)	239,583	3,965	6,826	(249)	(4,479)	–	(15,354)	27,465	352,012	(94,255)	257,757

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Revaluation decrements to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	2,591	–	2,591	2,041	718	–	–	(1,400)	–	–	3,950	–	3,950
Plant and equipment	8,854	(3,296)	5,558	1,611	110	(378)	(739)	–	–	–	9,785	(3,623)	6,162
Office equipment	754	(508)	246	18	98	–	(85)	–	–	–	844	(567)	277
Furniture and fittings	206	(119)	87	–	51	–	(17)	–	–	–	257	(136)	121
Land:													
– Operational land	401	–	401	–	–	(78)	–	–	–	–	323	–	323
– Community land	1,779	–	1,779	–	8	–	–	–	–	–	1,787	–	1,787
– Crown land	1,022	–	1,022	–	–	–	–	–	–	–	1,022	–	1,022
Infrastructure:													
– Buildings – non-specialised	13,423	(5,445)	7,978	76	361	–	(267)	1,024	–	–	14,884	(5,712)	9,172
– Buildings – specialised	18,702	(10,443)	8,259	45	341	–	(403)	–	–	–	19,088	(10,846)	8,242
– Other structures	3,693	(1,396)	2,297	85	488	–	(74)	234	–	–	4,500	(1,470)	3,030
– Roads	102,485	(23,441)	79,044	1,390	342	–	(1,635)	69	–	–	104,287	(25,077)	79,210
– Bridges	14,100	(2,254)	11,846	–	–	–	(109)	–	–	–	14,100	(2,363)	11,737
– Footpaths	3,942	(2,114)	1,828	13	40	–	(91)	–	–	–	3,995	(2,205)	1,790
– Bulk earthworks (non-depreciable)	63,710	–	63,710	–	–	–	–	–	–	–	63,710	–	63,710
– Stormwater drainage	8,264	(141)	8,123	–	–	–	(13)	–	–	–	8,264	(154)	8,110
– Water supply network	46,243	(14,044)	32,199	179	–	–	(502)	–	(424)	–	43,983	(12,531)	31,452
– Sewerage network	14,525	(5,276)	9,249	–	–	–	(210)	73	–	376	18,001	(8,513)	9,488
Other assets:													
– Other	154	(154)	–	–	–	–	–	–	–	–	154	(154)	–
Total infrastructure, property, plant and equipment	304,848	(68,631)	236,217	5,458	2,557	(456)	(4,145)	–	(424)	376	312,934	(73,351)	239,583

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

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

Accounting policy

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

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	20 to 40
Office furniture	10 to 20	Benches, seats etc.	20 to 40
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	40 to 70
Other plant and equipment	5 to 15	Buildings: other	40 to 70
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Pump Stations	16 to 80
Bores	20 to 40	Signs	35
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface & shoulder	20 to 30	Swimming pools	40-70
Sealed roads: pavement	100	Other open space/recreational assets	40-70
Unsealed roads	100	Other infrastructure	40-70
Bridge: deck & rail	80		
Bridge: super & substructure	160		
Kerb & Gutter	75		
Footpaths & walkways	60 to 80		
Culverts	85		
Floodways	15 to 20		

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

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

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.

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2.

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".

Council has assessed these assets as immaterial and have not recognised them.

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/22			as at 30/06/21		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
Water supply						
WIP	4,753	–	4,753	1,853	–	1,853
Infrastructure	46,600	13,751	32,849	43,983	12,531	31,452
Total water supply	51,353	13,751	37,602	45,836	12,531	33,305
Sewerage services						
WIP	25	–	25	–	–	–
Infrastructure	18,956	9,223	9,733	18,001	8,513	9,488
Total sewerage services	18,981	9,223	9,758	18,001	8,513	9,488
Domestic waste management						
Plant and equipment	739	224	515	739	160	579
Total domestic waste management	739	224	515	739	160	579
Total restricted infrastructure, property, plant and equipment	71,073	23,198	47,875	64,576	21,204	43,372

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment.

(a) Income Statement

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

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
Expenses relating to short-term leases	16	16
Expenses relating to low-value leases	11	12
Expenses relating to Peppercorn leases	9	9
	36	37

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

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

- carparking
- visitor centre/museum
- community halls
- community land
- shared pathway

The leases are generally between 1 and 70 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

C2-1 Council as a lessee (continued)

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 and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

	2022	2021
	Actual	Actual
	\$ '000	\$ '000

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

(i) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of meeting their service requirements for Medical Services in the Bogan Shire or employee accommodation, the table below relates to operating leases on assets disclosed in C1-6.

Lease income (excluding variable lease payments not dependent on an index or rate)	204	172
Total income relating to operating leases for Council assets	204	172

(ii) Maturity analysis of contractual lease income

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

< 1 year	88	70
1–2 years	63	77
2–3 years	15	35
3–4 years	2	15
Total undiscounted lease payments to be received	168	197

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

	2022 Current Actual \$ '000	2022 Non-current \$ '000	2021 Current Actual \$ '000	2021 Non-current \$ '000
Goods and services – operating expenditure	1,687	–	1,078	–
Goods and services – capital expenditure	985	–	322	–
Accrued expenses:				
– Borrowings	26	–	28	–
– Salaries and wages	196	–	133	–
– Other expenditure accruals	–	–	14	–
Security bonds, deposits and retentions	17	–	18	–
Prepaid rates	271	–	259	–
Total payables	3,182	–	1,852	–

Payables relating to restricted assets

	2022 Current Actual \$ '000	2022 Non-current \$ '000	2021 Current Actual \$ '000	2021 Non-current \$ '000
Externally restricted assets				
Water	40	–	51	–
Sewer	3	–	2	–
Payables relating to externally restricted assets	43	–	53	–
Total payables relating to restricted assets	43	–	53	–
Total payables relating to unrestricted assets	3,139	–	1,799	–
Total payables	3,182	–	1,852	–

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.

The financial liabilities of the Council comprise trade payables, bank and other loans.

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

		2022	2022	2021	2021
		Current	Non-current	Current	Non-current
		Actual	Actual	Actual	Actual
	Notes	\$ '000	\$ '000	\$ '000	\$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	4,693	-	2,922	-
Total grants received in advance		4,693	-	2,922	-
User fees and charges received in advance:					
Other		274	-	405	-
Total user fees and charges received in advance		274	-	405	-
Total contract liabilities		4,967	-	3,327	-

Notes

(i) Council has received funding to construct assets including a Youth and Community Centre, and Showground Facilities and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

C3-2 Contract Liabilities (continued)

Contract liabilities relating to restricted assets

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Internally restricted assets				
Other (Capital Grants Received in Advance)	4,693	-	2,922	-
Contract liabilities relating to internally restricted assets	4,693	-	2,922	-
Total contract liabilities relating to restricted assets	4,693	-	2,922	-
Total contract liabilities relating to unrestricted assets	274	-	405	-
Total contract liabilities	4,967	-	3,327	-

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

	2022 Actual \$ '000	2021 Actual \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,806	334
User fees and charges received in advance:		
Transport for NSW works	405	43
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,211	377

Significant changes in contract liabilities

Council has received significant increases in Grant Funding in advance for Capital Projects that have been recognised as Contract Liabilities in 2020/2021.

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

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Loans – secured ¹	123	2,062	119	2,185
Total borrowings	123	2,062	119	2,185

(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.

C3-3 Borrowings (continued)

Borrowings relating to restricted assets

	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000	2021 Current Actual \$ '000	2021 Non-current Actual \$ '000
Total borrowings relating to unrestricted assets	123	2,062	119	2,185
Total borrowings	123	2,062	119	2,185

Current borrowings not anticipated to be settled within the next twelve months

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

(a) Changes in liabilities arising from financing activities

	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	Closing balance \$ '000
Loans – secured	2,304	(119)	–	–	–	2,185
Total liabilities from financing activities	2,304	(119)	–	–	–	2,185

	2020		Non-cash movements			2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Closing balance \$ '000
Loans – secured	2,420	(116)	–	–	–	2,304
Total liabilities from financing activities	2,420	(116)	–	–	–	2,304

C3-3 Borrowings (continued)

(b) Financing arrangements

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
Total facilities		
Credit cards/purchase cards	45	20
Total financing arrangements	45	20
Drawn facilities		
– Credit cards/purchase cards	18	4
Total drawn financing arrangements	18	4
Undrawn facilities		
– Credit cards/purchase cards	27	16
Total undrawn financing arrangements	27	16

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

	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Annual leave	967	-	949	-
Long service leave	899	-	1,025	-
Other leave	63	-	31	-
Total employee benefit provisions	1,929	-	2,005	-

Employee benefit provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

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

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	982	1,363
	982	1,363

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 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
Income from continuing operations			
Rates and annual charges	3,990	863	357
User charges and fees	8,197	1,144	148
Interest and investment revenue	83	26	20
Other revenues	228	9	8
Grants and contributions provided for operating purposes	12,704	150	8
Grants and contributions provided for capital purposes	4,883	2,864	–
Net gains from disposal of assets	65	–	–
Other income	209	–	–
Total income from continuing operations	30,359	5,056	541
Expenses from continuing operations			
Employee benefits and on-costs	7,489	294	120
Materials and services	11,551	1,245	504
Borrowing costs	73	–	–
Depreciation, amortisation and impairment of non-financial assets	3,723	534	222
Other expenses	197	66	–
Total expenses from continuing operations	23,033	2,139	846
Operating result from continuing operations	7,326	2,917	(305)
Net operating result for the year	7,326	2,917	(305)
Net operating result attributable to each council fund	7,326	2,917	(305)
Net operating result for the year before grants and contributions provided for capital purposes	2,443	53	(305)

D1-2 Statement of Financial Position by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	7,959	513	2,171
Investments	6,800	–	–
Receivables	9,006	1,277	64
Inventories	655	–	–
Other	130	–	–
Total current assets	24,550	1,790	2,235
Non-current assets			
Receivables	363	673	271
Infrastructure, property, plant and equipment	210,397	37,602	9,758
Investments accounted for using the equity method	75	–	–
Total non-current assets	210,835	38,275	10,029
Total assets	235,385	40,065	12,264
LIABILITIES			
Current liabilities			
Payables	3,139	40	3
Contract liabilities	4,967	–	–
Borrowings	123	–	–
Employee benefit provision	1,929	–	–
Total current liabilities	10,158	40	3
Non-current liabilities			
Borrowings	2,062	–	–
Total non-current liabilities	2,062	–	–
Total liabilities	12,220	40	3
Net assets	223,165	40,025	12,261
EQUITY			
Accumulated surplus	151,921	19,735	6,516
Revaluation reserves	71,244	20,290	5,745
Council equity interest	223,165	40,025	12,261
Total equity	223,165	40,025	12,261

D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans	Council ID / Ref
Borrower (by purpose)	General Fund
Lender (by purpose)	Sewer Fund
Date of Minister's approval	21/06/2018
Date raised	1/01/2019
Term years	10 years
Dates of maturity	1/07/2028
Rate of interest (%)	3%
Amount originally raised	\$340,000
Total repaid during year (principal and interest)	\$39,607
Principal outstanding at end of year	\$232,326

D2 Interests in other entities

	<i>Council's share of net assets</i>	
	<i>2022</i> <i>\$ '000</i>	<i>2021</i> <i>\$ '000</i>
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	75	70
Total net share of interests in joint ventures and associates using the equity method – assets	75	70
Total Council's share of net assets	75	70

D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

	<i>Place of business</i>	<i>Nature of relationship</i>	<i>Interest in ownership</i>		<i>2022</i> <i>\$ '000</i>	<i>2021</i> <i>\$ '000</i>
			<i>2022</i>	<i>2021</i>		
North Western Library Co-operative	Warren	Joint venture	25.0%	25.0%	75	70
Total carrying amounts – material joint ventures					75	70

North Western Library Co-operative North Western Library Co-operative

Material joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Details

	<i>Principal activity</i>	<i>Measurement method</i>
North Western Library Co-operative	Joint Purchase of Books & E-Resources	Book value

Relevant interests and fair values

	<i>Interest in outputs</i>		<i>Proportion of voting power</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
North Western Library Co-operative	25.0%	25.0%	25.0%	25.0%

D2-1 Interests in joint arrangements (continued)

Summarised financial information for joint ventures

	North Western Library Co-operative	
	2022	2021
	Actual	Actual
	\$ '000	\$ '000
Statement of financial position		
Current assets		
Cash and cash equivalents	44	17
Non-current assets		
	257	265
Net assets	301	282
Statement of comprehensive income		
Income	255	250
Other expenses	(236)	(214)
Profit/(loss) from continuing operations	19	36
Profit/(loss) for the period	19	36
Total comprehensive income	19	36
Share of income – Council (%)	25.0%	25.0%
Profit/(loss) – Council (\$)	5	9
Total comprehensive income – Council (\$)	5	9
Reconciliation of the carrying amount		
Opening net assets (1 July)	281	245
Profit/(loss) for the period	19	36
Closing net assets	300	281
Council's share of net assets (%)	25.0%	25.0%
Council's share of net assets (\$)	75	70

Accounting policy

The Council has determined that it has only joint ventures.

Joint ventures:

Interests in joint ventures are accounted for using the equity method in accordance with *AASB128 Investments in Associates and Joint Ventures*.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition. If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated. Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

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

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

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

The risks associated with the instruments held are:

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

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

(a) Market risk – interest rate and price risk

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

Impact of a 1% movement in interest rates

– Equity / Income Statement	174	165
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Impact of a 10% movement in price of investments

– Equity / Income Statement	–	–
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(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.

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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.

	<i>Not yet overdue rates and annual charges</i>			<i>Total</i> \$ '000
	<i>Not yet overdue</i> \$ '000	<i>< 5 years</i> \$ '000	<i>≥ 5 years</i> \$ '000	
2022				
Gross carrying amount	–	620	65	685
2021				
Gross carrying amount	–	800	45	845

Receivables - non-rates and annual charges and contract assets

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

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

	<i>Not yet overdue</i> \$ '000	<i>Overdue debts</i>				<i>Total</i> \$ '000
		<i>0 - 30 days</i> \$ '000	<i>31 - 60 days</i> \$ '000	<i>61 - 90 days</i> \$ '000	<i>> 91 days</i> \$ '000	
2022						
Gross carrying amount	7,369	1,851	565	24	1,204	11,013
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2021						
Gross carrying amount	855	–	2,319	4	2,146	5,324
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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.

	<i>Weighted average interest rate %</i>	<i>Subject to no maturity \$ '000</i>	<i>payable in:</i>			<i>Total cash outflows \$ '000</i>	<i>Actual carrying values \$ '000</i>
			<i>≤ 1 Year \$ '000</i>	<i>1 - 5 Years \$ '000</i>	<i>> 5 Years \$ '000</i>		
2022							
Payables	0.00%	17	1,574	–	–	1,591	3,182
Borrowings	2.94%	–	186	744	1,255	2,185	2,185
Total financial liabilities		17	1,760	744	1,255	3,776	5,367
2021							
Payables	0.00%	18	1,575	–	–	1,593	1,852
Borrowings	2.94%	–	186	744	1,374	2,304	2,304
Total financial liabilities		18	1,761	744	1,374	3,897	4,156

Loan agreement breaches

Council had no loan agreement breaches during the reporting year.

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

The table below shows the assigned level for each asset and liability held at fair value by Council.

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
		30/06/22	30/06/2021	–	–	6,046	–	6,046	6,162
		30/06/22	30/06/2021	–	–	305	–	305	277
		30/06/22	30/06/2021	–	–	139	–	139	121
		30/06/20	30/06/2020	–	–	310	–	310	323
		30/06/20	30/06/2020	–	–	2,809	–	2,809	2,809
		30/06/22	30/06/2019	3,270	1,256	7,844	–	11,114	9,172
		30/06/22	30/06/2019	40	–	10,691	–	10,731	8,242
		30/06/22	30/06/2019	–	–	3,545	–	3,545	3,030
		30/06/22	30/06/2018	–	–	67,690	–	67,690	79,210
		30/06/22	30/06/2018	–	–	84,916	–	84,916	63,710
		30/06/22	30/06/2018	–	–	8,911	–	8,911	8,110
		30/06/21	30/06/2021	–	–	32,849	–	32,849	31,452
		30/06/21	30/06/2021	–	–	9,733	–	9,733	9,488
		30/06/22	30/06/2018	–	–	10,936	–	10,936	11,737
		30/06/22	30/06/2018	–	–	2,047	–	2,047	1,790
				3,310	1,256	248,771	–	252,081	235,633

Non-recurring fair value measurements

Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

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:

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

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

- Plant & Equipment – Graders, Trucks, Rollers, Tractors and Motor Vehicles.
- Office Equipment – Computers, photocopiers, calculators etc.
- Furniture & Fittings – Chairs, Desks etc

There has been no change to the valuation process during the reporting period.

Operational & Community Land

Operational, Community Land & crown Land are based on either the Land Value provided by the Valuer-General or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value, having regard to the highest and best use for the land. Operational Land is based on the Valuer General's land value as these are representative of the actual market values in the Bogan Shire LGA. As these rates were not considered to be observable market evidence they have been classified as Level 3.

There has been no change to the valuation process during the reporting period.

Buildings – Non-Specialised & Specialised

Non-Specialised & Specialised Buildings were valued by external valuers in 2022. Aspect Property Consultants used the principles of Fair Value as defined in Accounting Standard AASB13. They applied the following techniques;

Where a price for an identical asset is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

A cost approach was used to value buildings. As these assets were not considered to have observable, market evidence they have been classified as Level 3.

Cost Approach

A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost)

All residential properties have been valued using the "Market Approach". As these were considered to have observable market evidence they have been classified as level 2 inputs.

Market Approach

A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business.

There has been no change to the valuation process during this period.

Other Structures

Other Structures comprise the Cemetery, Parks and Ovals, Nyngan Swimming Pool, Aerodrome buildings, playground equipment, lighting and fencing etc. These assets have been valued by external valuers, Aspect Property Consultants using the principles of Fair Value as defined in Accounting Standard AASB13. They applied the following valuation techniques.

A cost approach was used to value other structures.

As these values were not considered to contain observable market evidence they have been classified as Level 3.

There has been no change to the valuation process during the reporting period.

Roads, Bridges and Footpaths

Roads, Bridges and Footpaths were valued by external valuers Assetic in 2022. The valuation was undertaken in accordance with Australian Accounting Standards including AASB133 Fair Value Measurement, AASB116 Property, Plant & Equipment, AASB5 Assets Held for Sale and AASB136 Impairment. They have applied the following techniques;

E2-1 Fair value measurement (continued)

Inputs to the valuation include the design and construction, average cost of construction, condition and consumption score for each component. As these are supported by observable evidence obtained via inspection and market evidence they have been classified as Level 2 inputs. The unobservable inputs used to assess the level of remaining service potential required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

As this method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. This approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

As a result, the revaluation for Council's assets portfolio is classified as having been valued using Level 3 valuation inputs. Under this approach, the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the assets into different components and for each component determined a value based on the interrelationship between a range of factors, as mentioned.

Roads comprise of sealed pavement, unsealed pavement, kerb and gutter and culverts, signs, shelters and traffic islands.

All assets valued at fair value are being used for their highest and best use based on previous assumptions.

Storm Water Drainage

Storm Water was valued by external valuers Assetic in 2022. The valuation was undertaken in accordance with Australian Accounting Standards including AASB133 Fair Value Measurement, AASB116 Property, Plant & Equipment, AASB5 Assets Held for Sale and AASB136 Impairment. They have applied the following techniques;

Inputs to the valuation include the design and construction, average cost of construction, condition and consumption score for each component. As these are supported by observable evidence obtained via inspection and market evidence they have been classified as Level 2 inputs. The unobservable inputs used to assess the level of remaining service potential required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

As this method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. This approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

As a result, the revaluation for Council's assets portfolio is classified as having been valued using Level 3 valuation inputs. Under this approach, the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the assets into different components and for each component determined a value based on the interrelationship between a range of factors, as mentioned.

Storm Water Drainage comprises levee bank, open drain, distribution system pumping station and hazard signs.

All assets valued at fair value are being used for their highest and best use based on previous assumptions.

Water Supply Network

Assets within this class comprise treatment works, reservoirs, pumping stations and water pipelines.

In 2020/2021 Council undertook a revaluation of its Water Assets by external valuers MorisonLow. The asset valuation was completed in accordance with AASB116 and AASB13. As part of the revaluation, a condition inspection was undertaken of above ground assets in Nyngan as well as in the Villages of Coolabah, Girilambone and Hermidale.

The valuation methodologies were based on the AASB requirements and fair-value approach:

- The remaining useful lives have been determined through the application of remaining life models and took into account factors like physical use, wear and tear, historical maintenance practices, construction standards, material type of each asset component, testing and evaluation, age, adaptability, functionality, utilisation and capacity.
 - Where methods or standards of design and/or construction have changed, the current replacement cost of an asset has been estimated using its modern engineering equivalent replacement asset (MEERA).
 - Where possible, unit prices and rates have been based on recent capital projects of Council and maintenance estimating rates. All rates for construction are compared to industry sources.
 - Additional excavation works, design and project management fees have been allowed for under the fair-value approach.
- The current replacement cost (CRC) of an asset includes the cost of decommissioning, removal and site restoration to the extent required for the construction or installation of the replacement asset. Where it is intended to decommission and not replace an asset, the CRC includes an allowance for such decommissioning, removal and site restoration.

E2-1 Fair value measurement (continued)

- Where no current condition data was available, estimates were made based on the age of the assets and the best information currently available.

As these values were not considered to contain observable market evidence they have been classified as Level 3.

Sewerage Network

Assets within this class comprise treatment works, pumping stations and sewerage mains.

In 2020/2021 Council undertook a revaluation of its Water Assets by external valuers MorisonLow. The asset valuation was completed in accordance with AASB16 and AASB13. As part of the valuation, a condition inspection was undertaken of above ground assets in Nyngan as well as in the Villages of Coolabah, Girilambone & Hermidale.

The valuation methodologies were based on the AASB requirements and fair-value approach.

- The remaining useful lives have been determined through the application of remaining useful life models and took into account factors like physical use, wear and tear, historical maintenance practices, construction standards, material type of each asset component, testing and evaluation, age, adaptability, functionality, utilisation and capacity.

- Where methods or standards of design and/or construction have changed, the current replacement cost of an asset has been estimated using its modern engineering equivalent replacement asset (MEERA).

- Where possible, unit prices and rates have been based on recent capital projects of Council and maintenance estimating rates. All rates for construction are compared to industry sources.

- Additional excavation works, design and project management fees have been allowed for under the fair-value approach. The current replacement cost (CRC) of an asset includes the cost of decommissioning, removal and site restoration to the extent required for the construction or installation of the replacement asset. Where it is intended to decommission and not replace an asset, the CRC includes an allowance for such decommissioning, removal and site restoration.

- Where no current condition was available estimates were made based on the age of the assets and the best information currently available.

As these values were not considered to contain observable market evidence they have been classified as Level 3.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	<i>Fair value (30/6/22) 2022 \$ '000</i>	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
Infrastructure, property, plant and equipment			
Plant and equipment	6,046	Valued at cost disclosed at fair value in the notes	<ul style="list-style-type: none"> • Gross replacement cost • Remaining useful life • Residual value
Office equipment	305	Valued at cost disclosed at fair value in the notes	<ul style="list-style-type: none"> • Gross replacement cost • Remaining useful life • Residual value
Furniture and fittings	139	Valued at cost disclosed at fair value in the notes	<ul style="list-style-type: none"> • Gross replacement cost • Remaining useful life • Residual value
Operational land	310	Land Value provided by the Valuer-General or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value, having regard to the highest and best use for the land	<ul style="list-style-type: none"> • Land value based on price per square metre
Community land and Crown land	2,809	Land Value provided by the Valuer-General or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value, having regard to the highest and best use for the land	<ul style="list-style-type: none"> • Land value based on price per square metre
Buildings – non - specialised	11,114	Cost & Market approach used by external Valuers, Aspect Property Consultants, Nyngan	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Buildings – specialised	10,731	Cost & Market approach used by external Valuers, Aspect Property Consultants, Nyngan	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Other structures	3,545	Cost & Market approach used by external Valuers, Aspect Property Consultants, Nyngan	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Roads	67,690	Cost Approach using Level 3 inputs due to no market based evidence used by External Valuers - Asstetic	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Bulk earthworks	84,916	Cost Approach using Level 3 inputs due to no market based evidence used by External Valuers - Asstetic	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Storm water drainage	8,911	Cost Approach using Level 3 inputs due to no market based evidence used by External Valuers - Asstetic	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value

E2-1 Fair value measurement (continued)

	<i>Fair value (30/6/22) 2022 \$ '000</i>	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
Water supply network	32,849	Cost Approach using Level 3 inputs due to no market based evidence	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Sewer network	9,733	Cost Approach using Level 3 inputs due to no market based evidence	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Bridges	10,936	Cost Approach using Level 3 inputs due to no market based evidence used by External Valuers - Assetic	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Footpaths	2,047	Cost Approach using Level 3 inputs due to no market based evidence used by External Valuers - Assetic	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value

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

	<i>Plant and equipment</i>		<i>Office equipment</i>		<i>Furniture and fittings</i>		<i>Operational Land</i>	
	<i>2022 Actual \$ '000</i>	<i>2021 Actual \$ '000</i>	<i>2022 Actual \$ '000</i>	<i>2021 Actual \$ '000</i>	<i>2022 Actual \$ '000</i>	<i>2021 Actual \$ '000</i>	<i>2022 Actual \$ '000</i>	<i>2021 Actual \$ '000</i>
Opening balance	6,162	5,558	277	246	121	87	323	401
Total gains or losses for the period								
Other movements								
Purchases (GBV)	899	1,720	120	116	38	51	13	-
Disposals (WDV)	(203)	(377)	(3)	-	-	-	(43)	(78)
Depreciation and impairment	(812)	(739)	(89)	(85)	(20)	(17)	-	-
Other movement (Reval Increment)	-	-	-	-	-	-	17	-
Closing balance	6,046	6,162	305	277	139	121	310	323

	<i>Community/ crown land</i>		<i>Buildings non-specialised</i>		<i>Building specialised</i>		<i>Other structures</i>	
	<i>2022 Actual \$ '000</i>	<i>2021 Actual \$ '000</i>	<i>2022 Actual \$ '000</i>	<i>2021 Actual \$ '000</i>	<i>2022 Actual \$ '000</i>	<i>2021 Actual \$ '000</i>	<i>2022 Actual \$ '000</i>	<i>2021 Actual \$ '000</i>
Opening balance	2,809	2,801	9,172	7,978	8,242	8,259	3,030	2,297
Total gains or losses for the period								
Other movements								
Purchases (GBV)	-	8	2,258	1,461	111	386	327	807
Depreciation and impairment	-	-	(272)	(267)	(485)	(403)	(94)	(74)
Other movement (Reval Increment)	-	-	-	-	2,848	-	25	-
Other movement (Reval Decrements)	-	-	(255)	-	-	-	-	-
Other movement (WIP)	-	-	211	-	15	-	257	-
Closing balance	2,809	2,809	11,114	9,172	10,731	8,242	3,545	3,030

E2-1 Fair value measurement (continued)

	Roads		Bulk earthworks		Stormwater drainage		Water network	
	2022	2021	2022	2021	2022	2021	2022	2021
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	79,210	79,044	63,710	63,710	8,110	8,123	31,452	32,199
Total gains or losses for the period								
Other movements								
Purchases (GBV)	3,086	–	–	–	41	–	107	179
Disposals (WDV)	–	1,801	–	–	–	–	–	–
Depreciation and impairment	(1,730)	–	–	–	(7)	(13)	(534)	(502)
Other movement (Reval Increment)	–	(1,635)	21,206	–	767	–	1,824	(424)
Other movement (Reval Decrements)	(14,452)	–	–	–	–	–	–	–
Other movement (WIP)	1,576	–	–	–	–	–	–	–
Closing balance	67,690	79,210	84,916	63,710	8,911	8,110	32,849	31,452

	Bridges		Footpaths		Sewerage		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	11,737	11,846	1,790	1,828	9,488	9,249	235,633	233,626
Purchases (GBV)	–	–	6	53	–	73	7,006	4,854
Disposals (WDV)	–	–	–	–	–	–	(249)	1,346
Depreciation and impairment	(154)	(109)	(60)	(91)	(222)	(210)	(4,479)	(2,510)
Other movement (Reval Increment)	–	–	311	–	467	376	27,465	(1,683)
Other movement (Reval Decrements)	(647)	–	–	–	–	–	(15,354)	–
Other movement (WIP)	–	–	–	–	–	–	2,059	–
Closing balance	10,936	11,737	2,047	1,790	9,733	9,488	252,081	235,633

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

Buildings - non-specialised

\$496K was transferred into Buildings for Medical Centre extensions and \$1,952K for Youth & Community Centre

E2-1 Fair value measurement (continued)

Buildings - specialised

\$40k was spent on Nyngan & Hermidale showground new and renewals, \$31K was spent on Hermidale Park Public Toilet, \$59K at Coolabah for toilets and Solar Panels.

Other Structures

Nyngan Showground Fencing \$50K, Bogan River Foreshore \$36K, Hermidale Park Fencing & play equipment \$30K, Davidson Park \$14K, Nyngan Swimming Pool \$213K, Frank Smith Oval shelter, seating & lighting \$79K, Fencing between pool and Youth Centre \$12K Airport Fuel Tank \$123K, Airport Fencing \$22K

Roads

An amount of \$1,116k was transferred into roads for R2R Program resheeting, resealing and construction. \$1,824 was for various resealing and resheeting from Fixing Local Roads program, \$802K was spent on Tottenham Rd in the Block Repair Grant, \$298K was spent on bitumen sealing 2km Pangee Rd from the LRCI program and \$172K was for Construction Cockies Rd.

Footpath Assets

An amount of \$6K was transferred in to footpaths at Jack Hargreaves Park and \$28K was spent on Recycle street bins for Pangee St.

Stormwater Assets

An amount of \$41K was transferred to Levee Bank for access walkways.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2022 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2021 to 30 June 2022, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service 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 any employer.

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ended 30th June 2022 was \$61,900.09. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$30,865.80. Council's expected contribution to the plan for the next annual reporting period is \$42,263.04.

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

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

* excluding othe accumulation accounts and reserves in both assets and liabilities.

The share of tany funding surplus or deficit that can be attributed to Council is 0.15%.

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

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

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

*Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the fianl end of year review, which will be a triennial actuarial investigation will be completed by December 2022.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	<i>2022</i>	<i>2021</i>
	<i>\$ '000</i>	<i>\$ '000</i>
Compensation:		
Short-term benefits	1,238	1,202
Post-employment benefits	114	104
Other long-term benefits	31	39
Termination benefits	22	19
Total	1,405	1,364

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

Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2022						
Supply of goods and service	1	199	-	30 days	-	-
Supply of service	2	2,169	-	14 days	-	-
Supply of goods	3	9	-	14 days	-	-
Supply of goods	1	4	-	14 days	-	-
Supply of goods and service	3	-	-	-	-	-
Supply of goods and service	3	78	-	14 days	-	-
Supply of Goods or Service	3	9	-	14 days	-	-
2021						
Supply of goods and service	1	88	-	30 days	-	-
Supply of service	2	1,445	-	14 days	-	-
Supply of goods	3	11	-	14 days	-	-
Supply of goods	1	4	-	14 days	-	-
Supply of goods and service	3	13	-	-	-	-
Supply of goods and service	3	88	-	14 days	-	-
Supply of Goods or Service	3	-	-	-	-	-

1 Supply of goods and services by KMP. Supplier is engaged by Council under the normal conditions of Councils procurement policy. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment terms.

2 Contract works undertaken by KMP within a specialty area have been engaged under Councils normal procurement and tendering processes. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment terms.

3 Close family members of Council's KMP are engaged by Council under the conditions of Councils procurement policy. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment terms following Council procurement process.

F1-2 Councillor and Mayoral fees and associated expenses

	2022	2021
	Actual	Actual
	\$ '000	\$ '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	19	20
Councillors' fees	78	83
Other Councillors' expenses (including Mayor)	56	59
Total	153	162

F1-3 Other related parties

	Ref	<i>Transactions during the year</i> \$ '000	<i>Outstanding balances including commitments</i> \$ '000	<i>Terms and conditions</i>	<i>Impairment provision on outstanding balances</i> \$ '000	<i>Impairment expense</i> \$ '000
2021						
Other contributions	4	12	–		–	–
4	Member Council Contribution to Orana Joint Organisation as disclosed in D2-1 Joint arrangements not recognised					

F2 Other relationships

F2-1 Audit fees

	2022	2021
	Actual	Actual
	\$ '000	\$ '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	57	46
Other audit and assurance services (Internal Auditor)	6	–
Remuneration for audit and other assurance services	63	46
Total Auditor-General remuneration	63	46
Total audit fees	63	46

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
Net operating result from Income Statement	9,938	5,570
Add / (less) non-cash items:		
Depreciation and amortisation	4,479	4,145
(Gain) / loss on disposal of assets	(65)	(106)
Share of net (profits)/losses of associates/joint ventures using the equity method	(5)	(9)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(5,529)	(2,611)
Increase / (decrease) in provision for impairment of receivables	(134)	154
(Increase) / decrease of inventories	4	(225)
(Increase) / decrease of other current assets	(27)	(27)
Increase / (decrease) in payables	609	570
Increase / (decrease) in accrued interest payable	(2)	(1)
Increase / (decrease) in other accrued expenses payable	49	(16)
Increase / (decrease) in other liabilities	11	158
Increase / (decrease) in contract liabilities	1,640	2,809
Increase / (decrease) in employee benefit provision	(76)	79
Net cash flows from operating activities	10,892	10,490

G2-1 Commitments

Details of capital commitments

Council has no Capital commitments as at 30 June 2022.

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2022

G4-1 Summary of developer contributions

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
S7.4 planning agreements	90	126	–	–	–	–	216	–
Total contributions	90	126	–	–	–	–	216	–

Under the *Environmental Planning and Assessment Act 1979*, Council has entered into a voluntary planning agreement between themselves and Hera Mine to provide maintenance on the Hermidale Nymagee Road for an annual contribution from the mine .

Council must externally restrict the funds that are unused for future use on this road.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,121	7.54%	2.71%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	28,139			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	15,277	42.57%	50.77%	> 60.00%
Total continuing operating revenue ¹	35,886			
3. Unrestricted current ratio				
Current assets less all external restrictions	23,310	2.54x	2.94x	> 1.50x
Current liabilities less specific purpose liabilities	9,176			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6,673	34.76x	25.22x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	192			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	848	13.86%	14.16%	< 10.00%
Rates and annual charges collectable	6,118			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	17,443	8.99 months	9.32 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	1,940			

(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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	9.34%	3.96%	2.42%	8.19%	(56.38)%	(40.73)%	> 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	41.94%	47.01%	40.39%	78.40%	98.52%	98.53%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.54x	2.94x	44.75x	36.29x	745.00x	1,171.50x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	32.13x	22.60x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	12.80%	0.10%	18.77%	58.98%	16.53%	101.69%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	8.41 months	8.25 months	3.84 months	8.46 months	41.75 months	48.39 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 26a above.

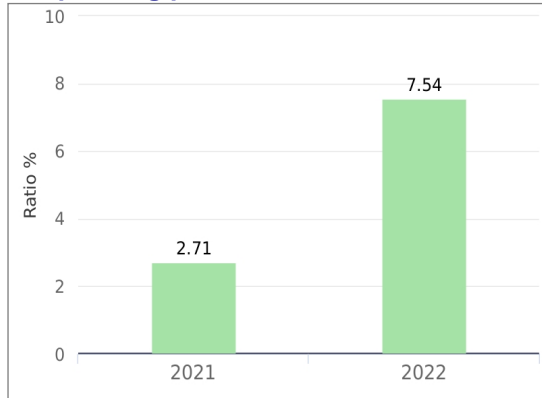
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio 7.54%

Council has been able to maintain operating expenditure within operating income in 2021/2022 due to the additional grants and contributions income Council has received.

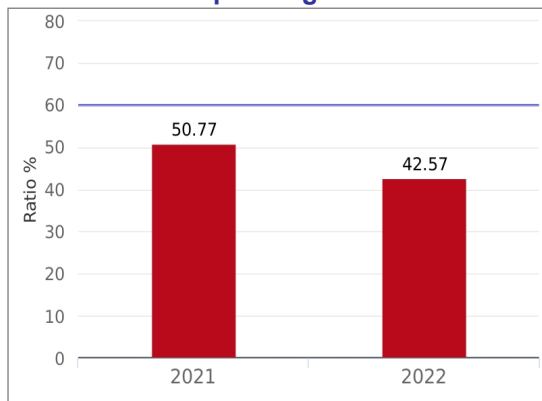
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2021/22 result

2021/22 ratio 42.57%

Council relies on the current Financial Assistance Grant to assist fund both the Bogan Shire Early Learning Centre and the Bogan Shire Medical Centre as well as other services of Council. Council has very limited opportunities to raise more revenue through rates to fund its operations and with increases to operational costs Council would not be able to meet these costs without this assistance.

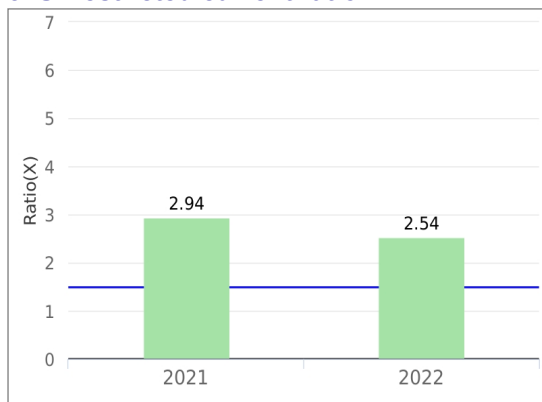
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 2.54x

Council continues to meet the benchmark for this ratio.

Benchmark: — > 1.50x

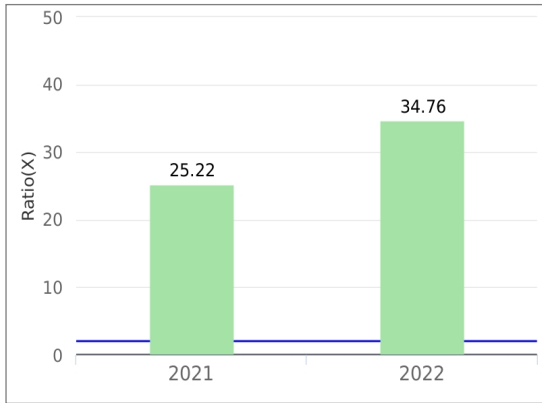
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 34.76x

Council continues to meet the benchmark for this ratio.

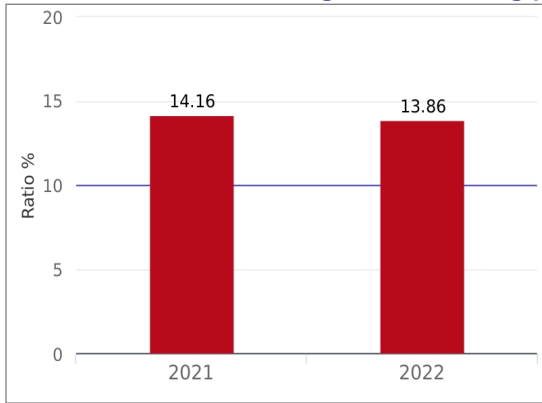
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 13.86%

Council ratepayers are on the majority meeting their outstanding commitments however there are a few long term outstanding rate debts that are keeping this ratio at this level.

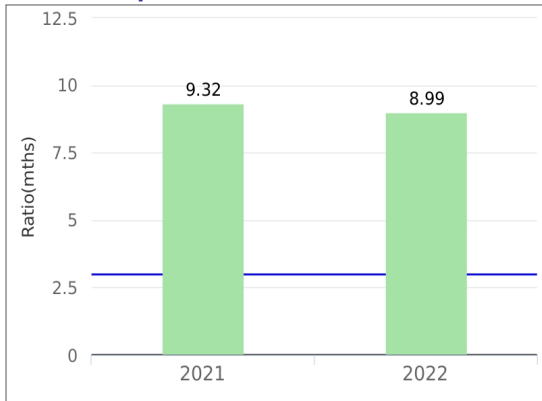
Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 8.99 months

Councils liquidity ratio remains above the benchmark in 2021/2022.

Benchmark: — > 3.00months

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

81 Cobar Street
Nyngan NSW 2825

Contact details

Mailing Address:

PO Box 221
Nyngan NSW 2825

Opening hours:

8:00am - 4:30pm
Monday to Friday

Telephone: 02 6835 9000

Facsimile: 02 6835 9011

Internet: www.bogan.nsw.gov.au

Email: admin@bogan.nsw.gov.au

Officers

General Manager

D A Francis

Responsible Accounting Officer

S A Waterhouse

Public Officer

Auditor General

Auditors

Auditor General NSW
Level 19, Darling Park Tower 2,
201 Sussex Street,
Sydney NSW 2000

Elected members

Mayor

G R J Neill

V J Boag

W G Deacon

J L Douglas

A J Elias

G N Jackson

D J Menzies

K J Bright

R Milligan

Other information

ABN: 68 886 242 083



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Bogan Shire Council

To the Councillors of Bogan Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

14 October 2022
SYDNEY



Cr Glen Neill
 Mayor
 Bogan Shire Council
 PO Box 221
 NYNGAN NSW 2825

Contact: Manuel Moncada
 Phone no: 02 9275 7333
 Our ref: D2220651/1697

17 October 2022

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2022 \$m	2021 \$m	Variance %
Rates and annual charges revenue	5.21	5.20	↑ 0.2
Grants and contributions revenue	20.61	14.51	↑ 42.0
Operating result from continuing operations	9.94	5.57	↑ 78.5
Net operating result before capital grants and contributions	2.20	0.78	↑ 182.1

Rates and annual charges revenue (\$5.21 million) increased by \$0.1 million (0.2 per cent) in 2021–2022.

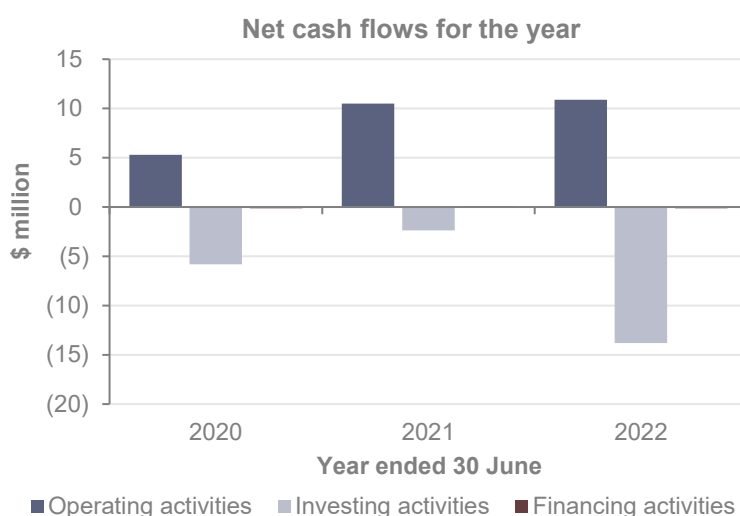
Grants and contributions revenue (\$20.61 million) increased by \$6.1 million (42 per cent) in 2021–2022 due to increased funding for capital projects and the receipt of additional advance payments of financial assistance grants.

Council’s operating result (\$9.94 million including the effect of depreciation and amortisation expense of \$4.48 million) was \$4.37 million higher than the 2020–21 result. This was primarily due to increased grants and contributions.

The net operating result before capital grants and contributions (\$2.20 million) was \$1.42 million higher than the 2020–21 result. This was mainly due to the receipt of increased operating grants.

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 \$3 million to \$10.6 million at the close of the year.
- The decrease is due to holding more funds in longer term deposits.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	17.4	16.5	<ul style="list-style-type: none"> • External restrictions include unspent specific purpose grants 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:			
<ul style="list-style-type: none"> • External restrictions • Internal restrictions 	3.9 12.2	4.4 8.3	

Debt

After repaying principal and interest of \$192,000 total debt as at 30 June 2022 was \$2.2 million (2021: \$2.3 million).

PERFORMANCE

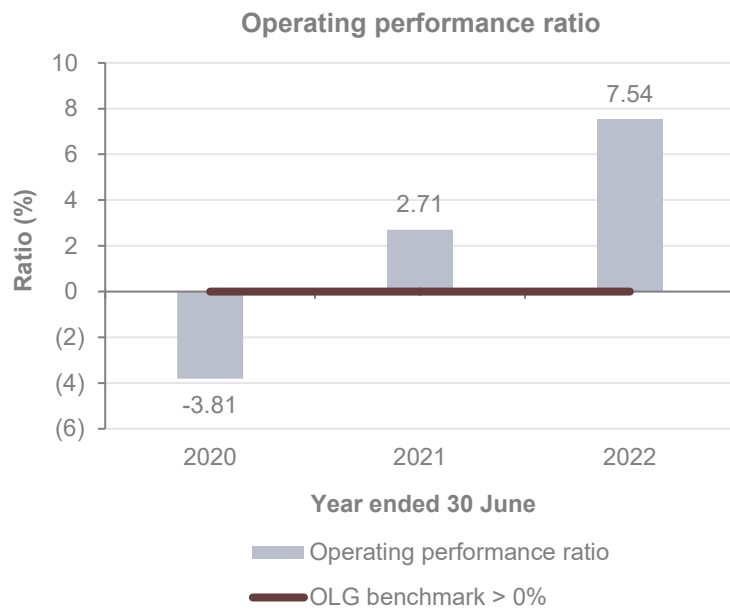
Performance measures

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.

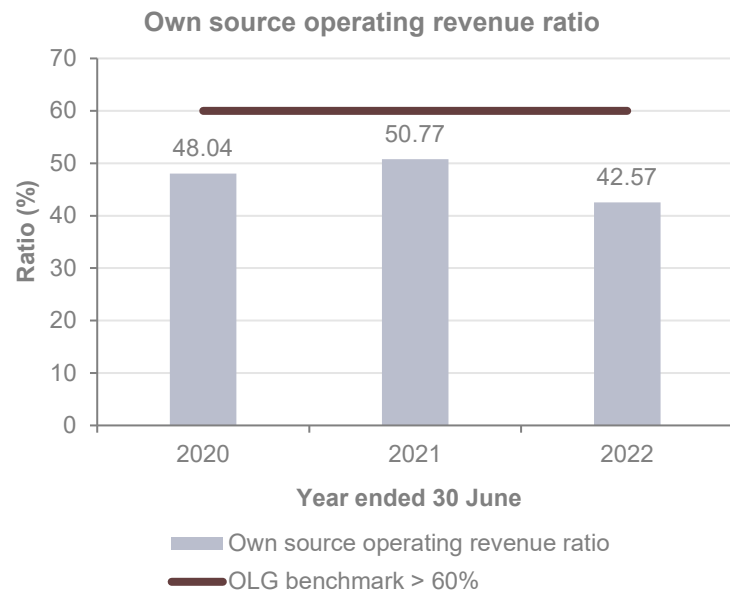
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

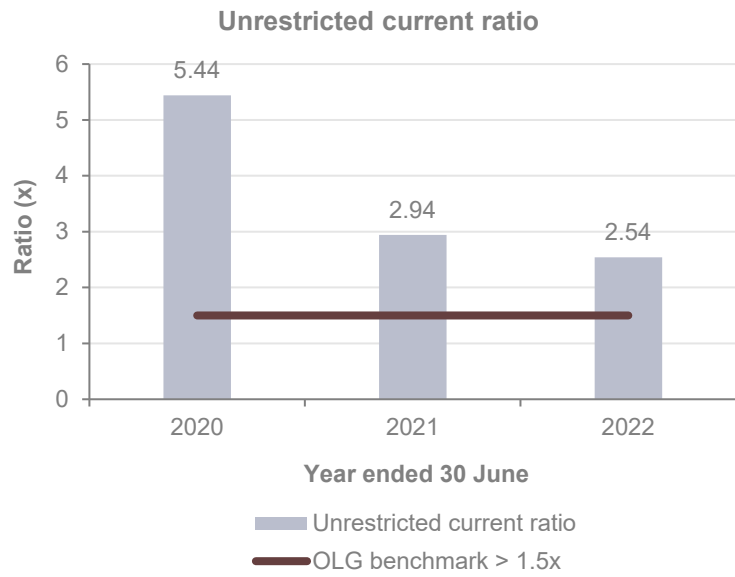
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

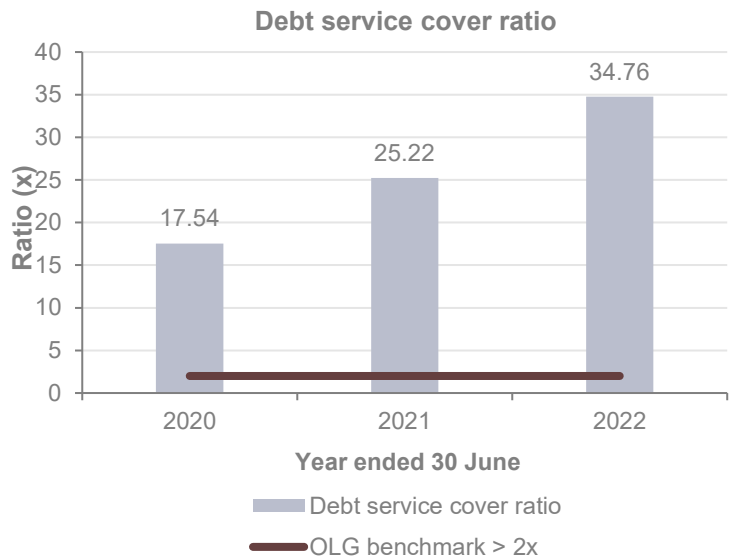
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

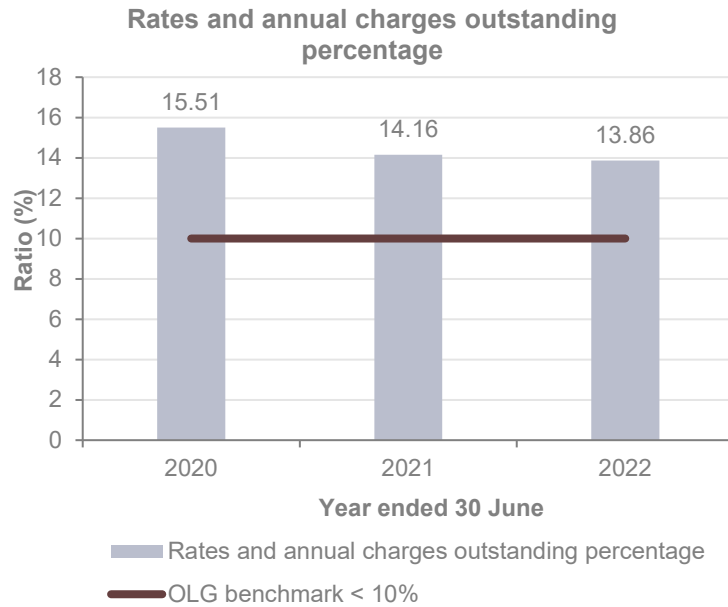
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

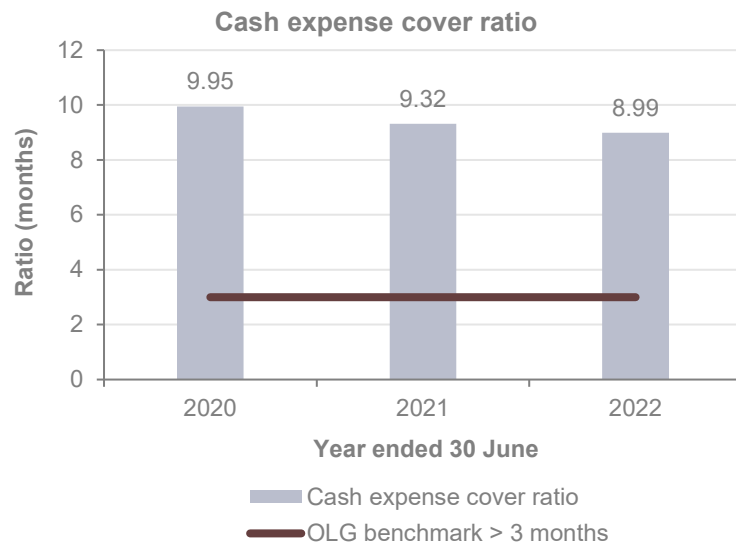
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent regional and rural councils.



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 \$4 million compared to \$5.5 million for the prior year.
- Renewals primarily consisted of plant, roads, and other infrastructure.
- The level of asset renewals during the year represented 89 percent of the total depreciation expense (\$4.5 million) for the year.

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', written in a cursive style.

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

Bogan Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Bogan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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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).

Bogan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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

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


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

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

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

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

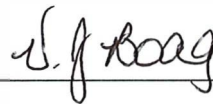
Signed in accordance with a resolution of Council made on 25 August 2022.



G R J Neill

Mayor

25 August 2022



V J Boag

Councillor

25 August 2022



D A Francis

General Manager

25 August 2022



S A Waterhouse

Responsible Accounting Officer

25 August 2022

Bogan Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

	2022 Actual \$ '000	2021 Actual \$ '000
Income from continuing operations		
Access charges	863	841
User charges	1,144	1,197
Interest and investment income	26	17
Grants and contributions provided for operating purposes	150	16
Other income	9	17
Total income from continuing operations	2,192	2,088
Expenses from continuing operations		
Employee benefits and on-costs	294	268
Materials and services	1,245	1,076
Depreciation, amortisation and impairment	534	502
Water purchase charges	66	71
Total expenses from continuing operations	2,139	1,917
Surplus (deficit) from continuing operations before capital amounts	53	171
Grants and contributions provided for capital purposes	2,864	555
Surplus (deficit) from continuing operations after capital amounts	2,917	726
Surplus (deficit) from all operations before tax	2,917	726
Less: corporate taxation equivalent (25%) [based on result before capital]	(13)	(44)
Surplus (deficit) after tax	2,904	682
Plus accumulated surplus	16,818	16,093
– Corporate taxation equivalent	13	44
Closing accumulated surplus	19,735	16,819
Return on capital %	0.1%	0.5%
Subsidy from Council	1,323	325
Calculation of dividend payable:		
Surplus (deficit) after tax	2,904	682
Less: capital grants and contributions (excluding developer contributions)	(2,864)	(555)
Surplus for dividend calculation purposes	40	127
Potential dividend calculated from surplus	20	64

Bogan Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

	2022	2021
	Actual	Actual
	\$ '000	\$ '000
Income from continuing operations		
Access charges	357	356
User charges	148	149
Interest and investment income	20	27
Grants and contributions provided for operating purposes	8	8
Other income	8	5
Total income from continuing operations	541	545
Expenses from continuing operations		
Employee benefits and on-costs	120	118
Materials and services	504	439
Depreciation, amortisation and impairment	222	210
Total expenses from continuing operations	846	767
Surplus (deficit) from continuing operations before capital amounts	(305)	(222)
Surplus (deficit) from continuing operations after capital amounts	(305)	(222)
Surplus (deficit) from all operations before tax	(305)	(222)
Surplus (deficit) after tax	(305)	(222)
Plus accumulated surplus	6,821	7,044
Closing accumulated surplus	6,516	6,822
Return on capital %	(3.1)%	(2.3)%
Subsidy from Council	662	363
Calculation of dividend payable:		
Surplus (deficit) after tax	(305)	(222)

Bogan Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

	2022 <i>Actual</i> \$ '000	2021 <i>Actual</i> \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	513	998
Receivables	1,277	853
Total current assets	1,790	1,851
Non-current assets		
Receivables	673	178
Infrastructure, property, plant and equipment	37,602	33,305
Total non-current assets	38,275	33,483
Total assets	40,065	35,334
LIABILITIES		
Current liabilities		
Payables	40	51
Total current liabilities	40	51
Total liabilities	40	51
Net assets	40,025	35,283
EQUITY		
Accumulated surplus	19,735	16,819
Revaluation reserves	20,290	18,464
Total equity	40,025	35,283

Bogan Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

	2022 <i>Actual</i> \$ '000	2021 <i>Actual</i> \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	2,171	2,250
Receivables	64	93
Total current assets	2,235	2,343
Non-current assets		
Receivables	271	270
Infrastructure, property, plant and equipment	9,758	9,488
Total non-current assets	10,029	9,758
Total assets	12,264	12,101
LIABILITIES		
Current liabilities		
Payables	3	2
Total current liabilities	3	2
Total liabilities	3	2
Net assets	12,261	12,099
EQUITY		
Accumulated surplus	6,516	6,822
Revaluation reserves	5,745	5,277
Total equity	12,261	12,099

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Bogan Shire Council Combined Water Supplies

Water supply operations servicing the town of Nyngan and the villages of Hermidale, Girilambone and Coolabah.

Category 2

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

b. Bogan Shire Council Sewerage Service

Sewerage reticulation and treatment operations and net assets servicing the town of Nyngan.

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%** (20/21 26%)

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

Note – Significant Accounting Policies (continued)

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

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

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

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

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (20/21 26%).

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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



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

To the Councillors of Bogan Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

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

17 October 2022
SYDNEY

Bogan Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Bogan Shire Council

Special Schedules

for the year ended 30 June 2022

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Bogan Shire Council

Permissible income for general rates

	Notes	Calculation 2021/22 \$ '000	Calculation 2022/23 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	3,069	3,124
Plus or minus adjustments ²	b	(4)	(86)
Notional general income	c = a + b	3,065	3,038
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	i = e x (c + g)	61	61
Sub-total	k = (c + g + h + i + j)	3,126	3,099
Plus (or minus) last year's carry forward total	l	91	93
Sub-total	n = (l + m)	91	93
Total permissible income	o = k + n	3,217	3,192
Less notional general income yield	p	3,124	3,096
Catch-up or (excess) result	q = o - p	93	96
Less unused catch-up ³	s	—	(93)
Carry forward to next year ⁴	t = q + r + s	93	3

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) Unused Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (4) 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
Bogan Shire Council

To the Councillors of Bogan Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



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

17 October 2022
SYDNEY

Bogan Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Administration & Governance	80	50	80	–	791	2,226	0.0%	0.0%	100.0%	0.0%	0.0%
	Public Order & Safety	30	30	30	22	811	1,001	0.0%	52.0%	48.0%	0.0%	0.0%
	Health	30	25	30	14	2,557	3,485	0.0%	78.0%	22.0%	0.0%	0.0%
	Solid Waste Management	–	–	–	12	148	184	0.0%	100.0%	0.0%	0.0%	0.0%
	Welfare & Community Services	–	–	–	40	1,818	2,379	41.0%	59.0%	0.0%	0.0%	0.0%
	Housing & Community Amenities	215	150	215	243	2,575	3,335	1.0%	19.0%	80.0%	0.0%	0.0%
	Cemeteries	25	20	25	66	19	22	0.0%	0.0%	100.0%	0.0%	0.0%
	Libraries	40	20	40	–	823	1,368	0.0%	0.0%	100.0%	0.0%	0.0%
	Museums & Cultural Heritage	30	20	30	–	68	293	0.0%	0.0%	100.0%	0.0%	0.0%
	Community Centres & Halls	200	100	200	18	4,291	9,922	20.0%	0.0%	69.0%	11.0%	0.0%
	Sporting Grounds and Venues	100	100	100	150	4,536	8,165	6.0%	11.0%	79.0%	4.0%	0.0%
	Parks & Gardens	–	–	–	13	350	753	6.0%	94.0%	0.0%	0.0%	0.0%
	Swimming Pool	50	50	50	38	1,505	3,221	0.0%	1.0%	99.0%	0.0%	0.0%
	Transport	50	50	50	50	1,546	3,511	0.0%	1.0%	96.0%	3.0%	0.0%
Other Economic Affairs	–	–	–	–	7	41	0.0%	0.0%	24.0%	76.0%	0.0%	
	Sub-total	850	615	850	666	21,845	39,906	8.8%	17.9%	69.4%	3.9%	0.0%
Other structures	Administration & Governance	–	–	–	–	11	22	100.0%	0.0%	0.0%	0.0%	0.0%
	Public Order & Safety	–	–	–	–	7	8	0.0%	100.0%	0.0%	0.0%	0.0%
	Health	–	–	–	–	12	14	0.0%	100.0%	0.0%	0.0%	0.0%
	Solid Waste Management	–	–	–	–	98	115	0.0%	91.0%	9.0%	0.0%	0.0%
	Welfare & Community Services	–	–	–	–	15	17	0.0%	100.0%	0.0%	0.0%	0.0%
	Cemeteries	–	–	–	–	55	67	77.0%	8.0%	15.0%	0.0%	0.0%
	Libraries	–	–	–	–	19	25	0.0%	100.0%	0.0%	0.0%	0.0%
	Community Centres & Halls	–	–	–	–	55	190	0.0%	0.0%	100.0%	0.0%	0.0%
	Sporting Grounds & Venues	200	200	200	228	1,533	2,401	8.0%	33.0%	57.0%	2.0%	0.0%
	Parks & Gardens	50	50	50	–	913	1,360	8.0%	5.0%	86.0%	1.0%	0.0%
	Swimming Pool	50	50	50	–	498	582	51.0%	44.0%	5.0%	0.0%	0.0%
	Transport	12	12	12	10	168	226	54.0%	33.0%	13.0%	0.0%	0.0%
Other Economic Affairs	–	–	–	–	161	533	0.0%	0.0%	100.0%	0.0%	0.0%	
	Sub-total	312	312	312	238	3,545	5,560	14.3%	24.6%	60.1%	1.1%	0.0%

Bogan Shire Council

Report on infrastructure assets as at 30 June 2022 (continued)

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 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					\$ '000	\$ '000	1	2	3
Roads	Bridges	80	80	80	–	10,935	19,137	0.0%	71.0%	29.0%	0.0%	0.0%
	Footpaths	100	100	100	–	2,047	4,603	0.0%	17.0%	60.0%	23.0%	0.0%
	Kerb & Gutter	100	100	100	–	2,949	5,245	0.0%	40.0%	53.0%	6.0%	1.0%
	Traffic Island	20	20	20	38	47	85	0.0%	23.0%	77.0%	0.0%	0.0%
	Floodways	10	10	10	–	701	1,169	0.0%	8.0%	89.0%	3.0%	0.0%
	Signs	–	–	–	–	493	932	10.0%	3.0%	82.0%	5.0%	0.0%
	Bus Shelters	10	10	10	–	10	26	0.0%	0.0%	100.0%	0.0%	0.0%
	Airport Runway	10	10	10	–	1,220	1,995	0.0%	31.0%	69.0%	0.0%	0.0%
	Carparks	10	10	10	–	544	822	0.0%	70.0%	30.0%	0.0%	0.0%
	Culverts	75	75	75	–	8,699	14,974	0.0%	2.0%	96.0%	2.0%	0.0%
	Regional Road Sealed - Pavement	100	100	100	–	4,653	6,259	0.0%	100.0%	0.0%	0.0%	0.0%
	Regional Road Sealed - Surface	450	450	450	586	1,299	2,096	0.0%	66.0%	34.0%	0.0%	0.0%
	Regional Road - Unsealed Pavement	150	150	150	153	2,051	3,160	0.0%	25.0%	75.0%	0.0%	0.0%
	Rural Road Sealed - Pavement	150	150	150	557	22,402	30,401	0.0%	96.0%	4.0%	0.0%	0.0%
	Rural Road Sealed - Surface	340	340	340	370	7,039	11,649	0.0%	1.0%	98.0%	1.0%	0.0%
	Rural Road Sealed - Shoulder	–	–	–	–	284	498	0.0%	0.0%	100.0%	0.0%	0.0%
Rural Road - Unsealed Pavement	500	500	500	3,293	15,300	23,557	0.0%	26.0%	72.0%	2.0%	0.0%	
	Sub-total	2,105	2,105	2,105	4,997	165,589	211,524	40.2%	29.3%	29.4%	1.1%	0.0%
Water supply network	Mains	120	120	120	59	10,409	16,956	10.0%	43.0%	26.0%	21.0%	0.0%
	Potable Water Storage	20	20	20	–	1,538	3,215	2.0%	96.0%	1.0%	0.0%	1.0%
	Pumping Station/s	140	140	140	51	399	765	16.0%	58.0%	3.0%	22.0%	1.0%
	Raw Water Storage	20	20	20	26	11,377	12,652	100.0%	0.0%	0.0%	0.0%	0.0%
	Water Canal	130	130	130	117	7,107	7,112	100.0%	0.0%	0.0%	0.0%	0.0%
	Treatment	400	400	400	144	2,019	5,900	1.0%	42.0%	30.0%	27.0%	0.0%
		Sub-total	830	830	830	397	32,849	46,600	46.6%	28.5%	13.4%	11.4%
Sewerage network	Pumping Station/s	20	20	20	26	1,220	2,218	1.0%	93.0%	5.0%	1.0%	0.0%
	Treatment	50	50	50	92	2,414	2,846	1.0%	92.0%	6.0%	1.0%	0.0%
	Reticulation	90	90	90	106	6,099	13,892	1.0%	77.0%	22.0%	0.0%	0.0%
		Sub-total	160	160	160	224	9,733	18,956	1.0%	81.1%	17.6%	0.3%

Bogan Shire Council

Report on infrastructure assets as at 30 June 2022 (continued)

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 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					
Stormwater drainage	Open Drain	–	–	–	–	1,137	1,137	100.0%	0.0%	0.0%	0.0%	0.0%
	Levee	10	10	10	9	7,671	7,671	95.0%	0.0%	5.0%	0.0%	0.0%
	Sign	–	–	–	–	2	13	0.0%	0.0%	100.0%	0.0%	0.0%
	Pump Station	–	–	–	–	101	278	0.0%	0.0%	100.0%	0.0%	0.0%
	Sub-total	10	10	10	9	8,911	9,099	92.6%	0.0%	7.4%	0.0%	0.0%
Total – all assets		4,267	4,032	4,267	6,531	242,472	331,645	36.1%	29.9%	31.2%	2.8%	0.0%

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

Infrastructure asset condition assessment 'key'

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

Bogan Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	<i>Amounts</i> 2022	<i>Indicator</i> 2022	<i>Indicator</i> 2021	<i>Benchmark</i>
Buildings and infrastructure renewals ratio				
Asset renewals ¹	5,267	148.03%	115.89%	>= 100.00%
Depreciation, amortisation and impairment	3,558			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	4,267	1.72%	1.86%	< 2.00%
Net carrying amount of infrastructure assets	248,148			
Asset maintenance ratio				
Actual asset maintenance	6,531	153.06%	83.94%	> 100.00%
Required asset maintenance	4,267			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	4,032	1.22%	1.47%	
Gross replacement cost	331,645			

(*) 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.

Bogan Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	<i>General fund</i>		<i>Water fund</i>		<i>Sewer fund</i>		<i>Benchmark</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	187.97%	140.82%	0.00%	35.66%	0.00%	0.00%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	1.59%	1.73%	2.53%	2.64%	1.64%	1.69%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	180.35%	90.17%	47.83%	63.88%	140.00%	57.60%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.14%	1.36%	1.78%	2.30%	0.84%	0.89%	
Gross replacement cost							

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