

# Temora Shire Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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*"Success through determination and inspiration"*

# Temora Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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*"Success through determination and inspiration"*

# Temora Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2022

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### Overview

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

105 Loftus Street  
Temora NSW 2666

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.temora.nsw.gov.au](http://www.temora.nsw.gov.au).

# Temora Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2022

### Statement by Councillors and Management

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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 15 September 2022.



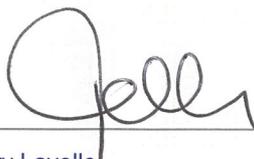
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Rick Firman  
**Mayor**  
15 September 2022



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Graham Sinclair  
**Councillor**  
15 September 2022



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Gary Lavelle  
**General Manager**  
15 September 2022



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Elizabeth Smith  
**Responsible Accounting Officer**  
15 September 2022

# Temora Shire Council

## Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Income from continuing operations</b>				
6,095	Rates and annual charges	B2-1	6,088	5,807
8,633	User charges and fees	B2-2	12,574	10,267
390	Other revenues	B2-3	364	996
7,291	Grants and contributions provided for operating purposes	B2-4	8,177	7,590
6,388	Grants and contributions provided for capital purposes	B2-4	7,940	7,713
200	Interest and investment income	B2-5	168	144
288	Other income	B2-6	270	279
79	Net gain from the disposal of assets	B4-1	–	558
<b>29,364</b>	<b>Total income from continuing operations</b>		<b>35,581</b>	<b>33,354</b>
<b>Expenses from continuing operations</b>				
9,169	Employee benefits and on-costs	B3-1	9,979	9,058
7,764	Materials and services	B3-2	9,437	9,171
58	Borrowing costs	B3-3	62	59
5,817	Depreciation, amortisation and impairment of non-financial assets	B3-4	6,366	5,987
606	Other expenses	B3-5	586	721
–	Net loss from the disposal of assets	B4-1	31	–
<b>23,414</b>	<b>Total expenses from continuing operations</b>		<b>26,461</b>	<b>24,996</b>
<b>5,950</b>	<b>Operating result from continuing operations</b>		<b>9,120</b>	<b>8,358</b>
<b>5,950</b>	<b>Net operating result for the year attributable to Council</b>		<b>9,120</b>	<b>8,358</b>
<b>(438)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>1,180</b>	<b>645</b>

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

# Temora Shire Council

## Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
<b>Net operating result for the year – from Income Statement</b>		<b>9,120</b>	<b>8,358</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	43,633	864
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	<u>(1,257)</u>	<u>(640)</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>42,376</b>	<b>224</b>
<b>Total other comprehensive income for the year</b>		<b>42,376</b>	<b>224</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>51,496</b>	<b>8,582</b>

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

# Temora Shire Council

## Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021	Restated 1 July 2020
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	4,823	2,779	1,622
Investments	C1-2	9,604	11,140	12,122
Receivables	C1-4	4,268	4,245	3,657
Inventories	C1-5	1,773	977	1,636
Contract assets and contract cost assets	C1-6	656	–	29
Other	C1-8	251	160	109
<b>Total current assets</b>		<b>21,375</b>	<b>19,301</b>	<b>19,175</b>
<b>Non-current assets</b>				
Investments	C1-2	5,542	2,500	–
Receivables	C1-4	345	–	–
Infrastructure, property, plant and equipment (IPPE)	C1-7	282,095	235,740	229,750
Investments accounted for using the equity method	D2-1,D2-3	217	209	204
<b>Total non-current assets</b>		<b>288,199</b>	<b>238,449</b>	<b>229,954</b>
<b>Total assets</b>		<b>309,574</b>	<b>257,750</b>	<b>249,129</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	2,036	2,809	2,410
Contract liabilities	C3-2	2,349	2,160	2,020
Borrowings	C3-3	417	364	355
Employee benefit provisions	C3-4	3,906	3,816	3,975
<b>Total current liabilities</b>		<b>8,708</b>	<b>9,149</b>	<b>8,760</b>
<b>Non-current liabilities</b>				
Borrowings	C3-3	2,667	1,885	2,249
Employee benefit provisions	C3-4	56	69	54
<b>Total non-current liabilities</b>		<b>2,723</b>	<b>1,954</b>	<b>2,303</b>
<b>Total liabilities</b>		<b>11,431</b>	<b>11,103</b>	<b>11,063</b>
<b>Net assets</b>		<b>298,143</b>	<b>246,647</b>	<b>238,066</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	112,543	103,423	95,065
IPPE revaluation reserve	C4-1	185,601	143,225	143,001
<b>Council equity interest</b>		<b>298,144</b>	<b>246,648</b>	<b>238,066</b>
<b>Total equity</b>		<b>298,144</b>	<b>246,648</b>	<b>238,066</b>

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

# Temora Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus Restated	IPPE revaluation reserve Restated	Total equity Restated
<b>\$ '000</b>							
Opening balance at 1 July		103,423	143,225	246,648	94,385	143,001	237,386
Correction of prior period errors	G4-1	–	–	–	680	–	680
<b>Restated opening balance</b>		<b>103,423</b>	<b>143,225</b>	<b>246,648</b>	<b>95,065</b>	<b>143,001</b>	<b>238,066</b>
Net operating result for the year		9,120	–	9,120	8,358	–	8,358
<b>Restated net operating result for the period</b>		<b>9,120</b>	<b>–</b>	<b>9,120</b>	<b>8,358</b>	<b>–</b>	<b>8,358</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	43,633	43,633	–	864	864
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	–	(1,257)	(1,257)	–	(640)	(640)
<b>Other comprehensive income</b>		<b>–</b>	<b>42,376</b>	<b>42,376</b>	<b>–</b>	<b>224</b>	<b>224</b>
<b>Total comprehensive income</b>		<b>9,120</b>	<b>42,376</b>	<b>51,496</b>	<b>8,358</b>	<b>224</b>	<b>8,582</b>
<b>Closing balance at 30 June</b>		<b>112,543</b>	<b>185,601</b>	<b>298,144</b>	<b>103,423</b>	<b>143,225</b>	<b>246,648</b>

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

# Temora Shire Council

## Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
6,091	Rates and annual charges		6,095	5,859
8,637	User charges and fees		10,604	10,972
211	Interest received		126	179
13,670	Grants and contributions		18,232	14,695
–	Bonds, deposits and retentions received		50	10
694	Other		2,382	2,350
<i>Payments:</i>				
(9,157)	Payments to employees		(9,868)	(9,162)
(7,869)	Payments for materials and services		(12,400)	(11,164)
(51)	Borrowing costs		(62)	(61)
(611)	Other		(469)	(821)
11,615	<b>Net cash flows from operating activities</b>	G1-1	14,690	12,857
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
3,000	Sale of investments		–	–
–	Sale of real estate assets		–	1,081
238	Proceeds from sale of IPPE		116	653
–	Deferred debtors receipts		–	172
<i>Payments:</i>				
(2,500)	Acquisition of term deposits		(1,506)	(1,518)
(11,859)	Payments for IPPE		(11,374)	(11,590)
(1,257)	Purchase of real estate assets		(27)	(143)
–	Deferred debtors and advances made		(690)	–
(12,378)	<b>Net cash flows from investing activities</b>		(13,481)	(11,345)
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
1,170	Proceeds from borrowings		1,210	–
<i>Payments:</i>				
(376)	Repayment of borrowings		(375)	(355)
794	<b>Net cash flows from financing activities</b>		835	(355)
31	<b>Net change in cash and cash equivalents</b>		2,044	1,157
4,577	Cash and cash equivalents at beginning of year		2,779	1,622
4,608	<b>Cash and cash equivalents at end of year</b>	C1-1	4,823	2,779
11,022	plus: Investments on hand at end of year	C1-2	15,146	13,640
15,630	<b>Total cash, cash equivalents and investments</b>		19,969	16,419

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

# Temora Shire Council

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## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 15 September 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.

#### **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 Infrastructure, property, plant and equipment note.
- (ii) employee benefit provisions – refer Provisions note.

#### **Covid 19 Impacts**

Covid-19 caused some disruption to council's business practices throughout the 2022 financial year. A number of staff worked from home during the lockdown period, with all staff returning to their respective offices once restrictions were eased. The second half of the financial year was most disruptive to operations as many employees tested positive for covid, or were classified as close contacts. Council continued to incur costs in relation to cleaning, sanitation and PPE.

Similar to the 2021 financial year, social distancing requirements, vaccination requirements and maximum capacity limits meant that a number of our facilities were not operating at full capacity for much of the 2022 financial year.

The most severely impacted facilities were the Town Hall Theatre and the Temora Memorial Town Hall. These amounts were immaterial individually & collectively. The Dine & Discover program was of significant benefit to our Town Hall Theatre and Visitor Information Centre with the facilities redeeming \$32,910 in vouchers over the course of the year.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### A1-1 Basis of preparation (continued)

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

#### **Significant judgements in applying the Council's accounting policies**

(i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Receivables note.

#### **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
- Sewerage service
- Pinnacle Community Services (Home & Community Care)
- Temora Agricultural Innovation Centre

Due to their immaterial value and nature, the following Committees, Entities and Operations have been excluded from consolidation:

- Springdale Progress Association
- Aria Park Swimming Pool Committee
- Temora & District Sports Council
- Temora Rural Museum
- Lake Centenary Management Committee
- Imagine Temora
- Mary Gilmore Music Festival

##### **The Trust Fund**

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

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

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

##### **Goods and Services Tax (GST)**

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

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

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### A1-1 Basis of preparation (continued)

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##### **Volunteer services**

Whilst Council has an extensive network of volunteers across a broad section of Council functions, Council would not purchase the services if they were not provided voluntarily and Council is unable to reliably measure the value of these services. Consequently the value of volunteer services has not been recognised in these financial statements.

##### **New accounting standards and interpretations issued but not yet effective**

##### **New accounting standards and interpretations issued but not yet effective**

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

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

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

##### **New accounting standards adopted during the year**

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

Those newly adopted standards which had an impact on Council's reported financial position, performance and/or associated financial statement disclosures are further discussed in the Changes in Accounting Policy Note.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## B Financial Performance

### B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021 Restated
<b>\$ '000</b>										
<b>Functions or activities</b>										
Retaining our Quality of Life	10,973	8,348	10,638	10,145	335	(1,797)	2,412	1,538	162,651	139,497
Engaging & Supporting the Community	1,567	1,253	2,716	2,698	(1,149)	(1,445)	1,009	699	21,236	15,678
Building our Shire's Economy	5,511	6,550	4,999	5,295	512	1,255	843	1,744	30,526	28,459
Preserving our Beautiful Surrounds	1,465	1,315	1,942	1,886	(477)	(571)	321	356	13,655	13,208
Embracing & Developing Aviation	2,332	1,442	335	384	1,997	1,058	2,161	1,297	21,466	6,148
Enhancing our Agricultural Wealth	2,780	5,157	3,048	2,225	(268)	2,932	2,787	4,477	54,795	49,454
Administration & General Purpose	10,953	9,289	2,783	2,364	8,170	6,925	6,584	5,192	5,244	4,626
Other	–	–	–	–	–	–	–	–	1	680
<b>Total functions and activities</b>	<b>35,581</b>	<b>33,354</b>	<b>26,461</b>	<b>24,997</b>	<b>9,120</b>	<b>8,357</b>	<b>16,117</b>	<b>15,303</b>	<b>309,574</b>	<b>257,750</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B1-2 Components of functions or activities

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

##### **Retaining our Quality of Life**

Strategic objectives are to ensure there is a continuum of housing and care facilities for the aged; improve public transport to regional centres; encourage the provision of educational opportunities including post school education; support and develop the provision of health services; support village life; provision of child care services to meet the needs of the community; ensure there is a continuum of housing and care facilities for the disabled; provide a safe and supportive living environment for our residents; provide services required for excellent liveability in a rural community.

##### **Engaging & Supporting the Community**

Strategic objectives are the provision of sports facilities that are well maintained, planned and meet the expectations of the community; provision and support of arts and cultural activities; encourage a welcoming, inclusive and tolerant community that welcomes new residents from all backgrounds; support volunteers within the community; support and develop the Youth of our community; maintain regular communication with residents.

##### **Building our Shire's Economy**

Strategic objectives are to improve telecommunications within the Shire; seek affordable housing options for all residents; provide adequate parking to meet the needs of shire residents; ensure accommodation in Temora Shire meets standards in terms of quality and quantity; strengthen the Temora Shire economy; support tourism, acknowledging the value it brings to the Temora Shire economy.

##### **Preserving our Beautiful Surrounds**

Strategic objectives are to provide a network of heavy vehicle routes that meet the needs of industry and residents; introduce environmentally, socially and economically responsible waste policies; improve drainage within the Shire area; ensure local planning instruments meet the needs of the community; ensure an aesthetically pleasing environment.

##### **Embracing & Developing Aviation**

Strategic objectives are to optimise telecommunications at Temora Airport; retain and develop facilities at Temora Airport; ensure land use plans are developed to protect the future use of the airport; provide a clear direction for the current use and future direction of the Temora Airport.

##### **Enhancing our Agricultural Wealth**

Strategic objectives are to maintain infrastructure to support agriculture; optimise the opportunities to develop agricultural industry; commitment to the support of agriculture in Temora Shire; develop a strategy to cope with the consolidation of farming enterprises.

##### **Administration & General Purpose**

Includes items of an administrative nature or general purpose which do not fall under any of the six Integrated Planning & Reporting themes detailed above.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2022	2021
<b>Ordinary rates</b>		
Residential	1,665	1,611
Farmland	1,983	1,945
Business	533	516
Less: pensioner rebates (mandatory)	(56)	(59)
Less: pensioner rebates (Council policy)	(46)	(49)
<b>Rates levied to ratepayers</b>	<b>4,079</b>	<b>3,964</b>
Pensioner rate subsidies received	56	60
<b>Total ordinary rates</b>	<b>4,135</b>	<b>4,024</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	609	555
Stormwater management services	49	49
Sewerage services	1,208	1,097
Waste management services (non-domestic)	122	119
Less: pensioner rebates (mandatory)	(43)	(45)
Less: pensioner rebates (Council policy)	(35)	(37)
<b>Annual charges levied</b>	<b>1,910</b>	<b>1,738</b>
Pensioner subsidies received:		
– Sewerage	21	23
– Domestic waste management	22	22
<b>Total annual charges</b>	<b>1,953</b>	<b>1,783</b>
<b>Total rates and annual charges</b>	<b>6,088</b>	<b>5,807</b>

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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B2-2 User charges and fees

\$ '000	Timing	2022	2021
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	129	108
Sewerage services	2	13	17
Waste management services (non-domestic)	2	47	50
<b>Total specific user charges</b>		<b>189</b>	<b>175</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Planning and building regulation	2	192	253
Private works – section 67	2	68	162
Section 10.7 certificates (EP&A Act)	2	14	13
Section 603 certificates	2	18	20
<b>Total fees and charges – statutory/regulatory</b>		<b>292</b>	<b>448</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aerodrome	2	57	41
Caravan park	2	157	158
Cemeteries	2	87	107
Transport for NSW works (state roads not controlled by Council)	2	4,345	3,576
Swimming centres	2	174	199
Animal control	2	5	3
Cinema	2	89	56
Community Technology Centre – printing and laminating	2	2	3
Cultural Groups	2	–	3
Frail and aged	2	7,152	5,467
Sports stadium	2	10	12
Tourism information centre	2	13	17
Other	2	2	2
<b>Total fees and charges – other</b>		<b>12,093</b>	<b>9,644</b>
<b>Total other user charges and fees</b>		<b>12,385</b>	<b>10,092</b>
<b>Total user charges and fees</b>		<b>12,574</b>	<b>10,267</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		12,574	10,267
<b>Total user charges and fees</b>		<b>12,574</b>	<b>10,267</b>

#### Accounting policy

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

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

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B2-3 Other revenues

\$ '000	Timing	2022	2021
Legal fees recovery – rates and charges (extra charges)	2	14	4
Diesel rebate	2	71	105
Insurance claims recoveries	2	40	–
Commissions and agency fees – Service NSW	2	144	143
Reimbursement from Service NSW – travel and training costs	2	10	–
Donations	2	3	47
Gravel royalties	2	4	3
Risk management bonus	2	30	33
Agricultural Innovation Centre revenues	2	5	623
Youth Activities	2	2	1
Other	2	2	3
Sale of Gravel	2	39	34
<b>Total other revenue</b>		<b>364</b>	<b>996</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		364	996
<b>Total other revenue</b>		<b>364</b>	<b>996</b>

#### Accounting policy for other revenue

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

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

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	1,247	1,188	–	–
Financial assistance – local roads component	2	748	709	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	2,027	1,270	–	–
Financial assistance – local roads component	2	1,041	762	–	–
<b>Amount recognised as income during current year</b>		<b>5,063</b>	<b>3,929</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
Aerodrome Upgrades	1	–	–	2,149	1,297
Aged Services	2	875	823	–	–
Bundawarra Centre	1	18	–	1	7
Bushfire and emergency services	2	307	300	–	–
Crown Lands Plans of Management	2	7	41	–	–
Drought Communities Program - Community Projects	1	–	66	–	–
Drought Communities Program - Council Projects	1	–	–	–	805
Economic development	1	14	25	–	–
Employment and training programs	2	143	207	–	–
Everyone Can Play	1	–	–	–	7
Flood Study Grant	2	25	55	–	–
Heritage and cultural	2	22	36	75	–
Library	2	70	76	375	17
Local Roads & Community Infrastructure Funding	1	–	–	1,333	1,015
Pedestrian Access Mobility Plan (PAMP) Works	2	–	–	36	–
Noxious weeds	2	83	53	–	–
RFS Community Engagement Centre	2	2	7	–	–
Road Safety Officer	2	105	96	–	–
Street lighting	2	165	41	–	–
Stronger Country Communities Funding	1	–	–	143	730
Transport (flood damage)	2	113	117	–	–
Transport (fixing country roads)	1	–	–	1,207	2,403
Transport (regional roads block grant)	2	285	274	429	440
Transport (repair program)	2	–	–	110	135
Transport (roads to recovery)	2	826	1,239	–	–
Transport (fixing local roads)	2	–	–	1,034	718
Kerb and gutter	2	–	–	12	24
Youth services	2	4	20	–	–
Summer Nights Funding	1	15	–	–	–
Art Centre	1	1	–	19	–
Australia Day Community Grant	1	18	–	–	–
Driver Reviver Upgrade - Springdale	2	–	–	38	–
Community Events Program	1	1	–	–	–
Emergency Services Levy	2	14	136	–	–
Other contributions	2	–	–	–	1
Lake Centenary - Contribution to Works	2	–	–	75	–
Footpath contributions	2	–	–	18	–

continued on next page ...

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Temora West Sports Ground Amenities - Temora United Soccer Club	1	–	–	–	3
Planning	1	1	49	–	–
Swimming Pool Upgrade	2	–	–	792	–
Ariah Park Pool	1	–	–	–	20
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,114</b>	<b>3,661</b>	<b>7,846</b>	<b>7,622</b>
<b>Total grants and non-developer contributions</b>		<b>8,177</b>	<b>7,590</b>	<b>7,846</b>	<b>7,622</b>
<b>Comprising:</b>					
– Commonwealth funding		6,764	6,259	3,481	3,124
– State funding		1,322	1,326	4,221	4,450
– Other funding		91	5	144	48
		<b>8,177</b>	<b>7,590</b>	<b>7,846</b>	<b>7,622</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B2-4 Grants and contributions (continued)

##### Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Developer contributions:</b> <b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G5					
<b>Cash contributions</b>						
S 7.12 – fixed development consent levies		2	–	–	94	91
<b>Total developer contributions – cash</b>			–	–	94	91
<b>Total developer contributions</b>			–	–	94	91
<b>Total contributions</b>			–	–	94	91
<b>Total grants and contributions</b>			8,177	7,590	7,940	7,713
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			8,177	7,590	7,940	7,713
<b>Total grants and contributions</b>			8,177	7,590	7,940	7,713

##### Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	894	1,559	1,226	426
<b>Add:</b> Funds received and not recognised as revenue in the current year	443	728	986	442
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(591)	(780)	(612)	(255)
<b>Unspent funds at 30 June</b>	746	1,507	1,600	613
<b>Contributions</b>				
Unspent funds at 1 July	37	–	–	–
<b>Add:</b> contributions received and not recognised as revenue in the current year	–	37	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(37)	–	–	–
<b>Unspent contributions at 30 June</b>	–	37	–	–

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B2-4 Grants and contributions (continued)

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##### **Accounting policy**

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed above.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of section 7.12 of the *Environmental Planning and Assessment Act 1979*.

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.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B2-5 Interest and investment income

\$ '000	2022	2021
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	11	7
– Cash and investments	157	137
<b>Total interest and investment income (losses)</b>	<b>168</b>	<b>144</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	8	5
<b>Restricted investments/funds – external:</b>		
Sewerage fund operations	25	23
Domestic waste management operations	11	8
Other externally restricted assets	9	22
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	115	86
<b>Total interest and investment income</b>	<b>168</b>	<b>144</b>

#### Accounting policy

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

#### B2-6 Other income

\$ '000	Notes	2022	2021
<b>Rental income</b>			
<b>Other lease income</b>			
Room/Facility Hire		204	219
Leaseback fees - council vehicles		27	32
Aerodrome Hangars		14	9
Sporting Grounds		12	10
Vacant Land		5	4
<b>Total other lease income</b>		<b>262</b>	<b>274</b>
<b>Total rental income</b>	C2-2	<b>262</b>	<b>274</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures		8	5
<b>Total net share of interests in joint ventures and associates using the equity method</b>	D2-1,D2-3	<b>8</b>	<b>5</b>
<b>Total other income</b>		<b>270</b>	<b>279</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

### B3 Costs of providing services

#### B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	8,625	8,106
Employee termination costs	–	11
Employee leave entitlements (ELE)	897	799
ELE on-costs	30	14
Superannuation	951	877
Workers' compensation insurance	216	167
Fringe benefit tax (FBT)	36	51
Training costs (other than salaries and wages)	104	105
Staff uniforms and safety clothing	19	22
<b>Total employee costs</b>	<b>10,878</b>	<b>10,152</b>
Less: capitalised costs	(899)	(1,094)
<b>Total employee costs expensed</b>	<b>9,979</b>	<b>9,058</b>
Number of 'full-time equivalent' employees (FTE) at year end	126	119

#### 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 the Contingencies and Other Liabilities/Assets Not Recognised Note for more information.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		9,066	9,817
Contractor and consultancy costs		8,465	7,636
Audit Fees	F2-1	40	34
Councillor and Mayoral fees and associated expenses	F1-2	162	145
Advertising		51	39
Bank charges		31	25
Cleaning		171	175
Election expenses		73	–
Electricity and heating		237	231
Insurance		485	463
Office expenses (including computer expenses)		385	355
Postage & Freight		60	78
Printing and stationery		64	52
Street lighting		76	101
Subscriptions and publications		58	57
Telephone and communications		96	106
Valuation fees		30	30
Other expenses		1	–
Conferences		–	2
Water		97	102
<b>Legal expenses:</b>			
– Legal expenses: debt recovery		14	3
– Legal expenses: other		33	28
Expenses from short-term leases		6	21
Expenses from leases of low value assets		37	48
Expenses from Peppercorn leases		1	2
Variable lease expense relating to usage		10	7
<b>Total materials and services</b>		<u>19,749</u>	<u>19,557</u>
Less: capitalised costs		<u>(10,312)</u>	<u>(10,386)</u>
<b>Total materials and services</b>		<u>9,437</u>	<u>9,171</u>

#### Accounting policy

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

#### B3-3 Borrowing costs

\$ '000	2022	2021
<b>(i) Interest bearing liability costs</b>		
Interest on loans	62	59
<b>Total interest bearing liability costs</b>	<u>62</u>	<u>59</u>
<b>Total interest bearing liability costs expensed</b>	<u>62</u>	<u>59</u>
<b>Total borrowing costs expensed</b>	<u>62</u>	<u>59</u>

#### Accounting policy

Borrowing costs are expensed when incurred.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

\$ '000	Notes	2022	2021
<b>Depreciation and amortisation</b>			
Plant and equipment		700	727
Office equipment		65	61
Furniture and fittings		32	35
Land improvements (depreciable)		7	6
<b>Infrastructure:</b>	C1-7		
– Buildings – non-specialised		309	307
– Buildings – specialised		813	789
– Other structures		116	126
– Roads (incl Kerb & Gutter)		3,161	2,795
– Bridges		196	185
– Footpaths		90	90
– Stormwater drainage		117	118
– Sewerage network		199	189
– Swimming pools		56	56
– Other open space/recreational assets		256	206
– Other infrastructure		119	150
Leasehold improvements		30	36
<b>Other assets:</b>			
– Other		100	111
<b>Total gross depreciation and amortisation costs</b>		<b>6,366</b>	<b>5,987</b>
<b>Total depreciation and amortisation costs</b>		<b>6,366</b>	<b>5,987</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-7		
– Roads (incl Kerb & Gutter)		1,257	640
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>1,257</b>	<b>640</b>
Amounts taken through revaluation reserve	C1-7	(1,257)	(640)
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>6,366</b>	<b>5,987</b>

#### 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 the Infrastructure, Property, Plant & Equipment Note and the Intangible Assets Note.

##### 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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

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

\$ '000	Notes	2022	2021
<b>Impairment of receivables</b>			
User charges and fees		5	–
Other		3	2
<b>Total impairment of receivables</b>	C1-4	<b>8</b>	<b>2</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		364	486
Donations, contributions and assistance to other organisations (Section 356)		214	233
<b>Total other</b>		<b>578</b>	<b>719</b>
<b>Total other expenses</b>		<b>586</b>	<b>721</b>

#### Accounting policy

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

Impairment expenses are recognised when identified.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B4 Gains or losses

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

\$ '000	Notes	2022	2021
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		13	332
Less: carrying amount of property assets sold/written off		–	(333)
<b>Gain (or loss) on disposal</b>		<b>13</b>	<b>(1)</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-7		
Proceeds from disposal – plant and equipment		103	321
Less: carrying amount of plant and equipment assets sold/written off		(147)	(140)
<b>Gain (or loss) on disposal</b>		<b>(44)</b>	<b>181</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Proceeds from disposal – real estate assets		–	1,081
Less: carrying amount of real estate assets sold/written off		–	(703)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>378</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		1,506	1,518
Less: carrying amount of investments sold/redeemed/matured		(1,506)	(1,518)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(31)</b>	<b>558</b>

#### 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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B5 Performance against budget

##### B5-1 Material budget variations

Council's original budget was adopted by the Council on 17/06/2021 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 -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	6,095	6,088	(7)	0% <b>U</b>
<b>User charges and fees</b>	8,633	12,574	3,941	46% <b>F</b>
Revenues from Council's State Roads program was higher than anticipated, as were fees for aged & disability services.				
<b>Other revenues</b>	390	364	(26)	(7)% <b>U</b>
<b>Operating grants and contributions</b>	7,291	8,177	886	12% <b>F</b>
FAGS in advance payment was 75% of the 2022/23 allocation, which resulted in 2021/22 FAGS income being equal to 1.25 year's FAGS allocation. Council also received an additional \$30k in weeds funding, along with \$15k in Summer Nights funding and \$18k Australia Day funding.				
<b>Capital grants and contributions</b>	6,388	7,940	1,552	24% <b>F</b>
Grant funding of \$2.149m was recognised for the upgrade of the Aerodrome. This amount was unbudgeted in 2021/22 as works were scheduled for completion in previous years. Local Roads & Community Infrastructure funding of \$1.333m was received unbudgeted. Council's Fixing Local Roads income was \$0.103m less than anticipated. At the time of budget preparation Council's entire Regional Roads program allocation was classified as operating due to the uncertainty regarding the allocation of expenditure. In 2022 \$0.539m was classified as capital. Council's Library Infrastructure funding was \$0.201m higher than budgeted, and funding under Stronger Country Communities was \$0.143m higher than budget, both due to timing of grant expenditure. Partially offsetting these favourable variances, \$1.231m grant for airport upgrades was not forthcoming, while Fixing Country Roads was \$0.897m less than budget. This due to the requirement to match the timing of income recognition to expenditure. \$0.215m Contribution from developers/landowners was not forthcoming as the related capital works were not carried out. The scope of the solar legacy project was reduced by \$0.225m and the contribution was reduced accordingly.				
<b>Interest and investment revenue</b>	200	168	(32)	(16)% <b>U</b>
Interest Revenues are lower than anticipated due to historically low interest rates.				
<b>Net gains from disposal of assets</b>	79	-	(79)	(100)% <b>U</b>
Refer to comments on net losses from disposal of assets below.				
<b>Other income</b>	288	270	(18)	(6)% <b>U</b>
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	9,169	9,979	(810)	(9)% <b>U</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
<b>Materials and services</b>	<b>7,764</b>	<b>9,437</b>	<b>(1,673)</b>	<b>(22)%</b>	<b>U</b>
The higher income from State Roads RMCC Contract works and Pinnacle Community Services are partially offset by increased materials and services costs.					
<b>Borrowing costs</b>	<b>58</b>	<b>62</b>	<b>(4)</b>	<b>(7)%</b>	<b>U</b>
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>5,817</b>	<b>6,366</b>	<b>(549)</b>	<b>(9)%</b>	<b>U</b>
The impact on depreciation following the revaluation of assets was not adequately budgeted.					
<b>Other expenses</b>	<b>606</b>	<b>586</b>	<b>20</b>	<b>3%</b>	<b>F</b>
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>31</b>	<b>(31)</b>	<b>∞</b>	<b>U</b>
A trailer was written off after being severely damaged. Insurance proceeds were received. A tractor was given to Farmlink for use at TAIC. These items were not budgeted and the combined written down value was \$59k.					

#### Statement of cash flows

<b>Cash flows from operating activities</b>	<b>11,615</b>	<b>14,690</b>	<b>3,075</b>	<b>26%</b>	<b>F</b>
This variance is primarily due to the increase in grant funding received during 2021/22 FY.					
<b>Cash flows from investing activities</b>	<b>(12,378)</b>	<b>(13,481)</b>	<b>(1,103)</b>	<b>9%</b>	<b>U</b>
<b>Cash flows from financing activities</b>	<b>794</b>	<b>835</b>	<b>41</b>	<b>5%</b>	<b>F</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C Financial position

##### C1 Assets we manage

##### C1-1 Cash and cash equivalents

\$ '000	2022	2021
<b>Cash assets</b>		
Cash on hand and at bank	4,823	2,779
<b>Total cash and cash equivalents</b>	<b>4,823</b>	<b>2,779</b>
<b>Reconciliation of cash and cash equivalents</b>		
Total cash and cash equivalents per Statement of Financial Position	4,823	2,779
<b>Balance as per the Statement of Cash Flows</b>	<b>4,823</b>	<b>2,779</b>

#### 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

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	9,604	5,542	11,140	2,500
<b>Total</b>	<b>9,604</b>	<b>5,542</b>	<b>11,140</b>	<b>2,500</b>
<b>Total financial investments</b>	<b>9,604</b>	<b>5,542</b>	<b>11,140</b>	<b>2,500</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>14,427</b>	<b>5,542</b>	<b>13,919</b>	<b>2,500</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C1-2 Financial investments (continued)

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##### **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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	19,969	16,419
Less: Externally restricted cash, cash equivalents and investments	(6,676)	(5,724)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>13,293</b>	<b>10,695</b>

#### External restrictions

##### External restrictions – included in liabilities

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

Specific purpose unexpended grants – general fund	2,346	2,120
<b>External restrictions – included in liabilities</b>	<b>2,346</b>	<b>2,120</b>

##### External restrictions – other

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

Developer contributions – general	276	187
Sewer fund	2,747	2,370
Stormwater management	251	220
Domestic waste management	1,056	827
<b>External restrictions – other</b>	<b>4,330</b>	<b>3,604</b>
<b>Total external restrictions</b>	<b>6,676</b>	<b>5,724</b>

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.

\$ '000	2022	2021
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>13,293</b>	<b>10,695</b>
Less: Internally restricted cash, cash equivalents and investments	(12,491)	(10,475)
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>802</b>	<b>220</b>

#### Internal allocations

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

Plant and vehicle replacement	500	449
Infrastructure replacement	1,285	1,063
Employees leave entitlement	2,200	1,767
Carry over works	665	589
355 Committees Unexpended Funds	59	59
Airside Maintenance	103	68
Computer Upgrade	197	185
Financial Assistance Grants Received in Advance	2,027	2,032
Gravel royalty	759	557

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

\$ '000	2022	2021
Industrial development	338	338
Izumizaki donation	2	2
Local roads reserve	1,060	8
Medical complex	21	20
Other Equipment Reserve	65	50
Other Waste Management	567	442
Pinnacle Internal Restricted reserves	1,824	2,316
Roads reserve	500	500
Other	13	30
Temora Agricultural Innovation Centre maintenance reserve	11	–
Olympic Pool Upgrade	295	–
<b>Total internal allocations</b>	<b>12,491</b>	<b>10,475</b>

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

\$ '000	2022	2021
(c) Unrestricted and unallocated		
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>802</b>	<b>220</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Rates and annual charges	179	–	191	–
Interest and extra charges	10	–	9	–
User charges and fees	871	–	632	–
Accrued revenues				
– Interest on investments	74	–	33	–
– Other income accruals	1,442	–	377	–
Deferred debtors	345	345	–	–
Government grants and subsidies	1,096	–	2,816	–
Net GST receivable	94	–	163	–
Other debtors	170	–	38	–
<b>Total</b>	<b>4,281</b>	<b>345</b>	<b>4,259</b>	<b>–</b>
<b>Less: provision for impairment</b>				
User charges and fees	(13)	–	(14)	–
<b>Total provision for impairment – receivables</b>	<b>(13)</b>	<b>–</b>	<b>(14)</b>	<b>–</b>
<b>Total net receivables</b>	<b>4,268</b>	<b>345</b>	<b>4,245</b>	<b>–</b>
<b>Externally restricted receivables</b>				
<b>Sewerage services</b>				
– Rates and availability charges	51	–	51	–
– Other	2,905	–	2,481	–
<b>Domestic waste management</b>	<b>31</b>	<b>–</b>	<b>32</b>	<b>–</b>
<b>Total external restrictions</b>	<b>2,987</b>	<b>–</b>	<b>2,564</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>1,281</b>	<b>345</b>	<b>1,681</b>	<b>–</b>
<b>Total net receivables</b>	<b>4,268</b>	<b>345</b>	<b>4,245</b>	<b>–</b>

\$ '000	2022	2021
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	14	12
+ new provisions recognised during the year	8	2
– amounts already provided for and written off this year	(9)	–
<b>Balance at the end of the year</b>	<b>13</b>	<b>14</b>

#### 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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C1-4 Receivables (continued)

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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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	643	–	616	–
Stores and materials	1,130	–	361	–
<b>Total inventories at cost</b>	<b>1,773</b>	<b>–</b>	<b>977</b>	<b>–</b>
<b>Total inventories</b>	<b>1,773</b>	<b>–</b>	<b>977</b>	<b>–</b>

#### Externally restricted assets

There are no restrictions applicable to the above assets.

#### (i) Other disclosures

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>(a) Details for real estate development</b>					
Residential		643	–	616	–
<b>Total real estate for resale</b>		<b>643</b>	<b>–</b>	<b>616</b>	<b>–</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition & development costs		643	–	616	–
<b>Total costs</b>		<b>643</b>	<b>–</b>	<b>616</b>	<b>–</b>
<b>Total real estate for resale</b>		<b>643</b>	<b>–</b>	<b>616</b>	<b>–</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		616	–	1,176	–
– Purchases and other costs		27	–	143	–
– WDV of sales (expense)	B4-1	–	–	(703)	–
<b>Total real estate for resale</b>		<b>643</b>	<b>–</b>	<b>616</b>	<b>–</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C1-5 Inventories (continued)

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

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

\$ '000	2022	2021
Real estate for resale	643	616
	643	616

##### Accounting policy

##### Raw materials and stores, work in progress and finished goods

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

##### Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and development.

#### C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2021 Current
Contract assets	656	–
<b>Total contract assets and contract cost assets</b>	<b>656</b>	<b>–</b>

##### Contract assets

Aerodrome - Building Better Regions Fund	611	–
Flood Study Grant	45	–
<b>Total contract assets</b>	<b>656</b>	<b>–</b>

##### Accounting policy

##### Contract assets

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

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

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

# Temora Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

### C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Other movements (Assets Written Off)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>															
Capital work in progress	242	–	242	3,449	22	–	–	–	(191)	–	(9)	–	3,513	–	3,513
Plant and equipment	9,692	(5,011)	4,681	929	–	(136)	(700)	–	–	(78)	–	–	10,056	(5,360)	4,696
Office equipment	553	(353)	200	17	–	–	(65)	–	–	8	–	–	585	(425)	160
Furniture and fittings	435	(283)	152	–	1	–	(32)	–	–	–	–	–	436	(315)	121
<b>Land:</b>															
– Operational land	2,883	–	2,883	–	–	–	–	–	–	–	–	681	3,564	–	3,564
– Community land	3,671	–	3,671	–	5	–	–	–	–	–	–	304	3,980	–	3,980
Land improvements – depreciable	80	(22)	58	–	–	–	(7)	–	–	–	–	–	80	(29)	51
<b>Infrastructure:</b>															
– Buildings – non-specialised	14,623	(7,881)	6,742	701	38	–	(309)	–	191	–	–	1,084	17,918	(9,471)	8,447
– Buildings – specialised	31,194	(14,287)	16,907	–	14	–	(813)	–	–	–	–	2,406	35,933	(17,419)	18,514
– Other structures	2,357	(1,209)	1,148	64	17	–	(116)	–	–	182	–	200	2,928	(1,433)	1,495
– Roads	160,600	(72,289)	88,311	2,035	1,802	–	(3,161)	(1,257)	–	–	–	9,490	181,851	(84,631)	97,220
– Bridges	18,574	(4,852)	13,722	417	–	–	(196)	–	–	857	–	1,567	21,952	(5,585)	16,367
– Footpaths	6,776	(1,886)	4,890	–	109	–	(90)	–	–	–	–	515	7,609	(2,185)	5,424
– Bulk earthworks (non-depreciable)	61,275	–	61,275	–	–	–	–	–	–	–	–	6,624	67,899	–	67,899
– Stormwater drainage	12,507	(5,120)	7,387	–	–	–	(117)	–	–	(857)	–	691	12,903	(5,799)	7,104
– Sewerage network	19,437	(7,914)	11,523	22	–	(9)	(199)	–	–	75	–	7,818	30,167	(10,937)	19,230
– Swimming pools	2,196	(1,172)	1,024	–	–	–	(56)	–	–	–	–	167	2,574	(1,439)	1,135
– Other open space/recreational assets	4,863	(1,718)	3,145	196	391	–	(256)	–	–	553	–	469	6,883	(2,385)	4,498
– Other infrastructure	7,946	(1,112)	6,834	149	–	–	(119)	–	–	(732)	–	11,617	20,455	(2,706)	17,749
Leasehold improvements	548	(268)	280	78	–	–	(30)	–	–	–	–	–	626	(298)	328
<b>Other assets:</b>															
– Other	1,205	(540)	665	–	43	–	(100)	–	–	(8)	–	–	1,233	(633)	600
<b>Total infrastructure, property, plant and equipment</b>	<b>361,657</b>	<b>(125,917)</b>	<b>235,740</b>	<b>8,057</b>	<b>2,442</b>	<b>(145)</b>	<b>(6,366)</b>	<b>(1,257)</b>	<b>–</b>	<b>–</b>	<b>(9)</b>	<b>43,633</b>	<b>433,145</b>	<b>(151,050)</b>	<b>282,095</b>

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated
<b>\$ '000</b>														
Capital work in progress	845	–	845	187	26	–	–	–	(816)	–	–	242	–	242
Plant and equipment	9,514	(4,965)	4,549	1,067	1	(215)	(727)	–	1	5	–	9,692	(5,011)	4,681
Office equipment	492	(292)	200	22	39	–	(61)	–	–	–	–	553	(353)	200
Furniture and fittings	381	(248)	133	31	21	–	(35)	–	2	–	–	435	(283)	152
<b>Land:</b>														
– Operational land	3,050	–	3,050	–	–	(167)	–	–	–	–	–	2,883	–	2,883
– Community land	2,911	–	2,911	–	–	–	–	–	–	–	760	3,671	–	3,671
Land improvements – depreciable	776	(236)	540	6	29	(13)	(6)	–	–	(498)	–	80	(22)	58
<b>Infrastructure:</b>														
– Buildings – non-specialised	14,175	(7,740)	6,435	16	404	(71)	(307)	–	229	35	–	14,623	(7,881)	6,742
– Buildings – specialised	30,494	(13,486)	17,008	483	22	–	(789)	–	149	34	–	31,194	(14,287)	16,907
– Other structures	2,194	(1,074)	1,120	–	42	(2)	(126)	–	3	111	–	2,357	(1,209)	1,148
– Roads	154,728	(68,854)	85,874	5,734	115	–	(2,795)	(640)	23	–	–	160,600	(72,289)	88,311
– Bridges	18,453	(4,668)	13,785	–	122	–	(185)	–	–	–	–	18,574	(4,852)	13,722
– Footpaths	6,706	(1,796)	4,910	44	26	–	(90)	–	–	–	–	6,776	(1,886)	4,890
– Bulk earthworks (non-depreciable)	61,275	–	61,275	–	–	–	–	–	–	–	–	61,275	–	61,275
– Stormwater drainage	11,449	(5,002)	6,447	1	655	–	(118)	–	402	–	–	12,507	(5,120)	7,387
– Sewerage network	20,278	(8,274)	12,004	85	160	–	(189)	–	–	(641)	104	19,437	(7,914)	11,523
– Swimming pools	2,196	(1,116)	1,080	–	–	–	(56)	–	–	–	–	2,196	(1,172)	1,024
– Other open space/recreational assets	2,001	(740)	1,261	422	586	–	(206)	–	–	1,082	–	4,863	(1,718)	3,145
– Other infrastructure	5,084	(652)	4,432	1,765	59	–	(150)	–	7	721	–	7,946	(1,112)	6,834
Leasehold improvements	440	(130)	310	–	–	–	(36)	–	–	6	–	548	(268)	280
<b>Other assets:</b>														
– Library books	61	(22)	39	–	–	–	–	–	–	(39)	–	–	–	–
– Other	2,528	(987)	1,541	14	45	(8)	(111)	–	–	(816)	–	1,205	(540)	665
<b>Total infrastructure, property, plant and equipment</b>	<b>350,031</b>	<b>(120,282)</b>	<b>229,749</b>	<b>9,877</b>	<b>2,352</b>	<b>(476)</b>	<b>(5,987)</b>	<b>(640)</b>	<b>–</b>	<b>–</b>	<b>864</b>	<b>361,657</b>	<b>(125,917)</b>	<b>235,740</b>

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

##### Accounting policy

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

Sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

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

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	10 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 15
Computer equipment	4 to 7		
Vehicles	5 to 10	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 10	Buildings: all	40 to 100
Minor plant and equipment	2 to 10		
		<b>Other infrastructure assets</b>	
<b>Sewer assets</b>		Bulk earthworks	Infinite
Earth Lagoons and reservoirs	200	Swimming pools	50 to 60
Sewer Reticulation Pipes	70 to 120	Other open space/recreational assets	10 to 50
Sewer Maintenance Shafts	150		
Sewer Reticulation Connections	100	<b>Transportation assets</b>	
Pump Stations Structural	100	Sealed roads: surface	18 to 20
Effluent Reticulation Pipes	80	Sealed roads: structure	100
Irrigation Network Structural	40	Unsealed roads: structure	100
Internal Roads	20	Unsealed roads: surface	15 to 40
Mechanical	20 to 30	Bridge: concrete	100
Electrical - 3 phase power	100	Bridge: other	100
Electrical - Other	20	Road pavements	20 to 100
		Kerb, gutter and footpaths	50 to 100
<b>Stormwater assets</b>			
Drains	100		
Culverts	100		

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

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

##### Land under roads

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

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

##### Crown reserves

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

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

##### Rural Fire Service assets

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

Council's accounting position on the recognition of Rural Fire Service assets is that Council does not control these assets.

These assets are therefore not recognised in Council's Balance Sheet. Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise Rural Fire Service Red Fleet assets including plant and vehicles.

#### Externally restricted infrastructure, property, plant and equipment

	as at 30/06/22			as at 30/06/21		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount Restated	Accumulated depn. and impairment	Net carrying amount Restated
<b>\$ '000</b>						
<b>Sewerage services</b>						
WIP	1	–	1	1	–	1
Plant and equipment	109	77	32	197	76	121
Land						
Infrastructure	30,478	11,247	19,231	19,437	7,914	11,523
<b>Total sewerage services</b>	<b>30,588</b>	<b>11,324</b>	<b>19,264</b>	<b>19,635</b>	<b>7,990</b>	<b>11,645</b>
<b>Domestic waste management</b>						
Plant and equipment	240	46	194	243	23	220
Land						
– Operational land	162	–	162	131	–	131
Buildings	95	37	58	83	31	52
Other structures	91	51	40	79	42	37
Infrastructure	65	49	16	37	9	28
Other assets	12	12	–	12	10	2
<b>Total domestic waste management</b>	<b>665</b>	<b>195</b>	<b>470</b>	<b>585</b>	<b>115</b>	<b>470</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>31,253</b>	<b>11,519</b>	<b>19,734</b>	<b>20,220</b>	<b>8,105</b>	<b>12,115</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### Infrastructure, property, plant and equipment – current year impairments

\$ '000	Notes	2022	2021
<b>(i) Impairment losses recognised in the Income Statement:</b>			
– Details of each impaired asset incl. circumstances of impairment		–	–
<b>Total impairment losses</b>		<b>–</b>	<b>–</b>
<b>Impairment of assets – gains/(losses) in P/L</b>			
	B3-4	–	–
<b>(iii) Impairment losses recognised direct to equity (ARR):</b>			
– Road assets were impaired as a result of flood damage		(1,297)	(640)
<b>Total impairment losses</b>		<b>(1,297)</b>	<b>(640)</b>
<b>Impairment of assets – direct to equity (ARR)</b>		<b>(1,297)</b>	<b>(640)</b>

#### C1-8 Other

##### Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	251	–	160	–
<b>Total other assets</b>	<b>251</b>	<b>–</b>	<b>160</b>	<b>–</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Terms and conditions of leases

##### Office and IT equipment

Leases for office and IT equipment are considered low value assets. The leases are for between 3 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

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

#### (a) Income Statement

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

\$ '000	2022	2021
Variable lease payments based on usage not included in the measurement of lease liabilities	10	7
Expenses relating to short-term leases	6	21
Expenses relating to low-value leases	37	48
Expenses relating to Peppercorn leases	1	2
	<b>54</b>	<b>78</b>

#### (b) Statement of Cash Flows

Total cash outflow for leases	60	82
	<b>60</b>	<b>82</b>

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

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

- Youth Programs
- RV Motorhome Free Camp
- Tourism

The leases are generally between 7 and 10 years and require payments of less than \$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 material from a statement of financial position or performance perspective.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### 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 businesses and community groups. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E in the Statement of Financial Position.

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

\$ '000	2022	2021
<b>(ii) Assets held as property, plant and equipment</b>		
Lease income (excluding variable lease payments not dependent on an index or rate)	262	274
<b>Total income relating to operating leases for Council assets</b>	<b>262</b>	<b>274</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C2-2 Council as a lessor (continued)

\$ '000	2022	2021
<b>(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:</b>		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	173	178
1–2 years	165	151
2–3 years	151	140
3–4 years	149	141
4–5 years	149	141
> 5 years	149	141
<b>Total undiscounted lease payments to be received</b>	<b>936</b>	<b>892</b>

#### 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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C3 Liabilities of Council

##### C3-1 Payables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Prepaid rates	103	–	108	–
Goods and services – operating expenditure	1,127	–	1,160	–
Goods and services – capital expenditure	73	–	955	–
Accrued expenses:				
– Borrowings	11	–	11	–
– Salaries and wages	415	–	347	–
– Other expenditure accruals	57	–	28	–
Security bonds, deposits and retentions	250	–	200	–
<b>Total payables</b>	<b>2,036</b>	<b>–</b>	<b>2,809</b>	<b>–</b>

##### Payables relating to restricted assets

There are no restricted assets (external or internal) applicable to the above payables and borrowings

##### 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 and bank 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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	988	–	634	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	411	–	35	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	–	–	37	–
<b>Total grants received in advance</b>		<b>1,399</b>	<b>–</b>	<b>706</b>	<b>–</b>
<b>User fees and charges received in advance:</b>					
Other		3	–	2	–
Homecare Packages	(iii)	947	–	1,452	–
<b>Total user fees and charges received in advance</b>		<b>950</b>	<b>–</b>	<b>1,454</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>2,349</b>	<b>–</b>	<b>2,160</b>	<b>–</b>

#### Notes

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

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

(iii) The contract liability relates to user fees received for various Pinnacle Homecare Package clients. The funds received are recorded as a contract liability on receipt and recognised as revenue as the packages are provided.

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Unspent grants held as contract liabilities (excl. Water & Sewer)	2,346	–	2,120	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>2,346</b>	<b>–</b>	<b>2,120</b>	<b>–</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>2,346</b>	<b>–</b>	<b>2,120</b>	<b>–</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>3</b>	<b>–</b>	<b>40</b>	<b>–</b>

#### Significant changes in contract liabilities

The increase in Contract Liability is primarily due to grants in the scope of AASB 15 and Capital grants received by Council to acquire or construct assets which will be under Council's control.

#### 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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C3-3 Borrowings

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured	417	2,667	364	1,885
<b>Total borrowings</b>	<b>417</b>	<b>2,667</b>	<b>364</b>	<b>1,885</b>

#### (a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,249	835	–	–	–	–	3,084
<b>Total liabilities from financing activities</b>	<b>2,249</b>	<b>835</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,084</b>

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,604	(355)	–	–	–	–	2,249
<b>Total liabilities from financing activities</b>	<b>2,604</b>	<b>(355)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,249</b>

#### (b) Financing arrangements

\$ '000	2022	2021
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	200	200
Credit cards/purchase cards	30	30
<b>Total financing arrangements</b>	<b>230</b>	<b>230</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	10	7
<b>Total drawn financing arrangements</b>	<b>10</b>	<b>7</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	20	23
<b>Total undrawn financing arrangements</b>	<b>220</b>	<b>223</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

##### Security over loans

Loans are secured by a mortgage over future years rate revenue only.

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C3-3 Borrowings (continued)

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##### **Accounting policy**

Borrowings are carried at their principal amounts, which represents the present value of future cash flows associated with servicing the debt.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C3-4 Employee benefit provisions

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Annual leave	1,191	–	1,098	–
Sick leave	951	–	945	–
Long service leave	1,764	56	1,773	69
<b>Total employee benefit provisions</b>	<b>3,906</b>	<b>56</b>	<b>3,816</b>	<b>69</b>

#### 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

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,971	3,066
	<b>2,971</b>	<b>3,066</b>

#### Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Sick leave	Long service leave	
<b>2022</b>				
At beginning of year	1,098	945	1,842	3,885
Additional provisions	541	303	245	1,089
Amounts used (payments)	(435)	(254)	(116)	(805)
Other - Remeasurement	(13)	(43)	(151)	(207)
<b>Total ELE provisions at end of year</b>	<b>1,191</b>	<b>951</b>	<b>1,820</b>	<b>3,962</b>
<b>2021</b>				
At beginning of year	1,008	1,172	1,849	4,029
Additional provisions	479	157	169	805
Amounts used (payments)	(415)	(340)	(171)	(926)
Other - Remeasurement	26	(44)	(5)	(23)
<b>Total ELE provisions at end of year</b>	<b>1,098</b>	<b>945</b>	<b>1,842</b>	<b>3,885</b>

#### 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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C3-4 Employee benefit provisions (continued)

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##### **Other long-term employee benefit obligations**

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

##### **On-costs**

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

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

#### C3-5 Provisions

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##### Description of and movements in provisions

##### **Accounting policy**

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

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

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

##### **Asset remediation – tips and quarries**

##### **Restoration**

Close-down, restoration and remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and remediation of disturbed areas.

Council has undertaken a review of the work required to restore the quarries and tips within its area. Due to the current working methods being carried out at the sites, restoration costs are negligible and are unable to be accurately identified. It is estimated that with the continuation of current practices the expected timing of remediation is in excess of 40 years. Due to the small cost involved and the estimated timeframe for remediation, it has been classified as immaterial and has not been recognised in the financial statements.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### C4 Reserves

##### C4-1 Nature and purpose of reserves

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###### **IPPE Revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General <sup>1</sup> 2022	Sewer 2022
<b>Income from continuing operations</b>		
Rates and annual charges	4,871	1,217
User charges and fees	12,520	54
Interest and investment revenue	143	25
Other revenues	344	20
Grants and contributions provided for operating purposes	8,156	21
Grants and contributions provided for capital purposes	7,940	–
Other income	270	–
<b>Total income from continuing operations</b>	<b>34,244</b>	<b>1,337</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	9,857	122
Materials and services	9,043	394
Borrowing costs	62	–
Depreciation, amortisation and impairment of non-financial assets	6,156	210
Other expenses	586	–
Net losses from the disposal of assets	22	9
<b>Total expenses from continuing operations</b>	<b>25,726</b>	<b>735</b>
<b>Operating result from continuing operations</b>	<b>8,518</b>	<b>602</b>
<b>Net operating result for the year</b>	<b>8,518</b>	<b>602</b>
<b>Net operating result attributable to each council fund</b>	<b>8,518</b>	<b>602</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>578</b>	<b>602</b>

(1) General fund refers to all of Council's activities except for its sewer activity which is listed separately.

# Temora Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2022

### D1-2 Statement of Financial Position by fund

\$ '000	General <sup>1</sup> 2022	Sewer 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,076	2,747
Investments	9,604	–
Receivables	1,312	2,956
Inventories	1,773	–
Contract assets and contract cost assets	656	–
Other	251	–
<b>Total current assets</b>	<b>15,672</b>	<b>5,703</b>
<b>Non-current assets</b>		
Investments	5,542	–
Receivables	345	–
Infrastructure, property, plant and equipment	262,832	19,263
Investments accounted for using the equity method	217	–
<b>Total non-current assets</b>	<b>268,936</b>	<b>19,263</b>
<b>Total assets</b>	<b>284,608</b>	<b>24,966</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	2,036	–
Contract liabilities	2,349	–
Borrowings	417	–
Employee benefit provision	3,906	–
<b>Total current liabilities</b>	<b>8,708</b>	<b>–</b>
<b>Non-current liabilities</b>		
Borrowings	2,667	–
Employee benefit provision	56	–
<b>Total non-current liabilities</b>	<b>2,723</b>	<b>–</b>
<b>Total liabilities</b>	<b>11,431</b>	<b>–</b>
<b>Net assets</b>	<b>273,177</b>	<b>24,966</b>
<b>EQUITY</b>		
Accumulated surplus	102,532	10,011
Revaluation reserves	170,646	14,955
<b>Council equity interest</b>	<b>273,178</b>	<b>24,966</b>
<b>Total equity</b>	<b>273,178</b>	<b>24,966</b>

(1) General fund refers to all of Council's activities except for its sewer activity which is listed separately.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### D2 Interests in other entities

\$ '000	Council's share of net assets	
	2022	2021
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Joint ventures	217	209
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>217</b>	<b>209</b>
Total Council's share of net assets	217	209

#### D2-1 Interests in joint arrangements

##### Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership		2022	2021
			2022	2021		
Riverina Regional Library	Riverina	Joint venture	4.5%	4.5%	217	209
<b>Total carrying amounts – material joint ventures</b>					<b>217</b>	<b>209</b>

##### Riverina Regional Library

##### Material joint ventures

Council has incorporated the following joint ventures into its consolidated financial statements.

##### Details

	Principal activity	Measurement method
Riverina Regional Library	Provision of library services	

##### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2022	2021	2022	2021
Riverina Regional Library	4.5%	4.5%	4.5%	4.5%

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### D2-1 Interests in joint arrangements (continued)

##### Summarised financial information for joint ventures

\$ '000	Riverina Regional Library	
	2022	2021
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,249	3,163
Other current assets	27	21
<b>Non-current assets</b>		
	2,479	2,586
<b>Current liabilities</b>		
Current financial liabilities (excluding trade and other payables and provisions)	899	1,093
<b>Non-current liabilities</b>		
Non-current financial liabilities (excluding trade and other payables and provisions)	4	2
<b>Net assets</b>	<b>4,852</b>	<b>4,675</b>
<b>Statement of comprehensive income</b>		
Income	3,142	3,188
Interest income	26	18
Interest expense	(2)	(8)
Depreciation and amortisation	(925)	(901)
Other expenses	(2,064)	(2,175)
<b>Profit/(loss) from continuing operations</b>	<b>177</b>	<b>122</b>
<b>Profit/(loss) for the period</b>	<b>177</b>	<b>122</b>
<b>Total comprehensive income</b>	<b>177</b>	<b>122</b>
<b>Share of income – Council (%)</b>	<b>4.5%</b>	<b>4.5%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>8</b>	<b>5</b>
<b>Total comprehensive income – Council (\$)</b>	<b>8</b>	<b>5</b>
<b>Summarised Statement of cash flows</b>		
Cash flows from operating activities	901	1,144
Cash flows from investing activities	(816)	(847)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>85</b>	<b>297</b>
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	4,675	4,553
Profit/(loss) for the period	177	122
<b>Closing net assets</b>	<b>4,852</b>	<b>4,675</b>
<b>Council's share of net assets (%)</b>	<b>4.5%</b>	<b>4.5%</b>
<b>Council's share of net assets (\$)</b>	<b>217</b>	<b>209</b>

#### County Councils

Council is a member of the Goldenfields Water County Council, a body corporate under the Local Government Act 1993 (NSW) as a Local Water Authority. Council is one of seven constituent members and does not control nor significantly influence the county council. Accordingly, the County Council has not been consolidated or otherwise included within these financial statements.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## 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's finance area manages the cash and Investments portfolio.

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

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.

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **'at fair value through profit and loss'** or (ii) **'available-for-sale'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

##### (a) Market risk – interest rate and price risk

\$ '000	2022	2021
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	200	164

##### (b) Credit risk

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

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

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

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

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

The 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.

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 secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
<b>2022</b>				
Gross carrying amount	–	175	4	179
<b>2021</b>				
Gross carrying amount	–	186	5	191

##### 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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2022</b>						
Gross carrying amount	4,899	86	12	19	87	5,103
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	15.00%	0.26%
<b>ECL provision</b>	–	–	–	–	13	13
<b>2021</b>						
Gross carrying amount	3,770	30	173	4	91	4,068
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	15.00%	0.34%
<b>ECL provision</b>	–	–	–	–	14	14

#### (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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 contractual undiscounted cash outflows of Council's payables and borrowings are set out in the table below:

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2022</b>							
Payables	0.00%	250	1,786	–	–	2,036	2,036
Borrowings	2.77%	–	417	1,629	1,038	3,084	3,084
<b>Total financial liabilities</b>		<b>250</b>	<b>2,203</b>	<b>1,629</b>	<b>1,038</b>	<b>5,120</b>	<b>5,120</b>
<b>2021</b>							
Payables	0.00%	200	2,502	–	–	2,702	2,809
Borrowings	2.45%	–	364	1,278	607	2,249	2,249
<b>Total financial liabilities</b>		<b>200</b>	<b>2,866</b>	<b>1,278</b>	<b>607</b>	<b>4,951</b>	<b>5,058</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement

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

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

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

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

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

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

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

	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
\$ '000						Restated	Restated		
<b>Infrastructure, property, plant and equipment</b>	C1-7								
Plant and equipment		30/06/2022	30/06/2021	–	–	4,696	4,681	4,696	4,681
Office equipment		30/06/2022	30/06/2021	–	–	160	200	160	200
Furniture and fittings		30/06/2022	30/06/2021	–	–	121	152	121	152
Operational land		30/06/2022	30/06/2018	3,564	2,852	–	–	3,564	2,852
Community land		30/06/2022	30/06/2021	–	–	3,980	3,671	3,980	3,671
Land improvements		30/06/2022	30/06/2021	–	–	51	58	51	58
Buildings – non-specialised		30/06/2022	30/06/2018	8,446	6,741	–	–	8,446	6,741
Buildings – specialised		30/06/2022	30/06/2018	–	–	18,514	16,907	18,514	16,907
Leasehold improvements		30/06/2022	30/06/2021	–	–	328	280	328	280
Other structures		30/06/2022	30/06/2018	–	–	1,495	1,148	1,495	1,148
Roads		30/06/2022	30/06/2020	–	–	97,220	88,311	97,220	88,311
Bridges		30/06/2022	30/06/2020	–	–	16,367	13,722	16,367	13,722
Footpaths		30/06/2022	30/06/2020	–	–	5,424	4,890	5,424	4,890
Bulk earthworks (roads)		30/06/2022	30/06/2020	–	–	67,899	61,275	67,899	61,275
Stormwater drainage		30/06/2022	30/06/2020	–	–	7,104	7,387	7,104	7,387
Sewerage network		30/06/2022	30/06/2017	–	–	19,230	11,523	19,230	11,523
Swimming pools		30/06/2022	30/06/2018	–	–	1,135	1,024	1,135	1,024
Other open space/recreational assets		30/06/2022	30/06/2018	–	–	4,498	3,145	4,498	3,145
Other Infrastructure		30/06/2022	30/06/2017	–	–	17,749	6,834	17,749	6,834
Library books		30/06/2022	30/06/2021	–	–	–	–	–	–
Other		30/06/2022	30/06/2021	–	–	600	665	600	665
<b>Total infrastructure, property, plant and equipment</b>				<b>12,010</b>	<b>9,593</b>	<b>266,571</b>	<b>225,873</b>	<b>278,581</b>	<b>235,466</b>

#### 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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

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##### Valuation techniques

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

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

##### Infrastructure, property, plant and equipment (IPPE)

###### Roads Infrastructure

This asset class comprises the road surface and pavement, bridges, drainage, kerb & gutter and footpaths. The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in-house as part of the valuation project undertaken in 2020. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken.

Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

A desktop revaluation was undertaken in 2022 by Council's officers. Values were indexed in accordance with 6427.0 Producer Price Indexes, Australia - Table 17. Output of the Construction industries - 3101 Road and bridge construction New South Wales as published by the Australian Bureau of Statistics.

Council's road assets have been impacted by multiple flood events along with prolonged wet conditions which have hampered maintenance schedules. Consequently Council has recognised impairment of \$1.257m in relation to road assets.

###### Stormwater Drainage Infrastructure

This asset class comprises the pits, pipes, open channels and headwalls.

The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in-house as part of the valuation project undertaken in 2020. A full review of useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

A desktop revaluation was undertaken in 2022 by Council's officers. Values were indexed in accordance with 6427.0 Producer Price Indexes, Australia - Table 17. Output of the Construction industries - 3101 Road and bridge construction New South Wales as published by the Australian Bureau of Statistics.

###### Sewerage Infrastructure

This asset class comprises the treatment works, pumping station, sewerage mains and effluent reuse.

The cost approach was adopted to value these assets based on assessments and calculations from condition assessments done in-house as part of the valuation project undertaken in 2022. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken.

Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

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

###### Community Land

This asset class comprises all of Council's land classified as Community Land under the NSW Local Government Act 1993. Council has used the Valuer General's Unimproved Capital Land Value (UCV) as at 01/07/2019 as the fair value.

A desktop revaluation was undertaken in 2022 by Council's officers. Values were indexed in accordance with the percentage change in land values by zone as published in the Valuer General's Temora LGA Final Report for the relevant year.

###### Operational Land

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Council engaged AssetVal Pty Ltd to value all of its operational land with an effective date of 30 June 2018.

A desktop revaluation was undertaken in 2022 by Council's officers. Values were indexed in accordance with the percentage change in land values by zone as published in the Valuer General's Temora LGA Final Report for the relevant year.

##### **Buildings – Specialised**

This asset class comprises all of Council's specialised buildings.

Council engaged AssetVal Pty Ltd to value all of its buildings with an effective date of 30 June 2018. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs.

Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value.

A desktop revaluation was undertaken in 2022 by Council's officers. Values were indexed in accordance with 6427.0 Producer Price Indexes, Australia - Table 17. Output of the Construction industries - 3020 Non-residential building construction New South Wales as published by the Australian Bureau of Statistics.

#### Fair value measurements using significant unobservable inputs (level 3)

##### **The valuation process for level 3 fair value measurements**

The inputs used for applying the Cost Approach to the valuation process were:

- pattern of consumption
- residual value (where appropriate)
- asset condition
- unit rates
- useful lives

When necessary Council has engaged external consultants with specific expertise to work in conjunction with Council staff to establish the fair value of the assets based on the above inputs.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

##### 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.

\$ '000	Fair value (30/6/22) 2022	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Plant & Equipment	4,696	Valued at Cost	Cost per unit, useful life, residual value, condition of asset
Office Equipment	160	Valued at Cost	Cost per unit, useful life, residual value, condition of asset
Furniture & Fittings	121	Valued at Cost	Cost per unit, useful life, residual value, condition of asset
Community Land	3,980	Market approach. Land values obtained from the NSW Valuer-General (2019) indexed	Land value, land area, level of restriction
Land Improvements	51	Valued at Cost	Cost per unit, useful life, residual value, condition of asset
Buildings – Specialised	18,514	External Valuation using cost approach (2018) indexed	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value
Leasehold Improvements	328	Valued at Cost	Cost per unit, useful life, residual value, condition of asset
Other Structures	1,495	External Valuation (2018) using cost approach indexed	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives.
Roads	97,220	Internal Valuation (2020) using cost approach indexed	Unit rates, useful life, dimensions & specifications, pattern of consumption, components, condition assessment
Bridges	16,367	Internal Valuation (2020) using cost approach indexed	Unit rates, useful life, dimensions & specifications, pattern of consumption, components, condition assessment
Footpaths	5,424	Internal Valuation (2020) using cost approach indexed	Unit rates, useful life, dimensions & specifications, pattern of consumption, components, condition assessment
Bulk Earthworks (Roads)	67,899	Internal Valuation (2020) using cost approach indexed	Cost per sq metre
Stormwater Drainage	7,104	Internal Valuation (2020) using cost approach indexed	Asset condition, remaining lives. Cost per unit/metre
Sewerage Network	19,230	Internal Valuation using cost approach (2022)	Unit rates, useful life, pattern of consumption, components, condition assessment
Swimming Pools	1,135	External Valuation (2018) using cost approach indexed	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives.
Other Open Space/Recreational Assets	4,498	External Valuation (2018) using cost approach indexed	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives.
Other Infrastructure	17,749	Internal Valuation using cost approach (2022)	Unit rates, useful life, pattern of consumption, condition assessment
Other	600	Valued at Cost	Unit Costs

continued on next page ...

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E2-1 Fair value measurement (continued)

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

\$ '000	Level 3 Fair Value Assets	
	2022	2021
<b>Opening balance</b>	225,873	219,419
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	41,868	224
<b>Other movements</b>		
Purchases (GBV)	6,289	12,183
Disposals (WDV)	(145)	(238)
Depreciation and impairment	(6,057)	(5,680)
Impairment Loss recognised in Equity	(1,257)	–
Transfers	–	(35)
<b>Closing balance</b>	<b>266,571</b>	<b>225,873</b>

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

There were no transfers from level 3 during the year.

#### Highest and best use

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### 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 2020 to 30 June 2022, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E3-1 Contingencies (continued)

of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$ 78,392.24. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$40,284.96. Council's expected contribution to the plan for the next annual reporting period is \$53,274.24.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is .20%

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

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

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

\* Plus promotional increases

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

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

#### (ii) Statewide Limited

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

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

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

#### (iii) StateCover Limited

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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### E3-1 Contingencies (continued)

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

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

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

#### (iv) Other guarantees

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

### 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.

#### Fencing of Quarries

Council leases various gravel quarries throughout the Shire. Recent changes to the Mining Act mean that Council will now be required to fence off these quarries to restrict access in an attempt to limit Council's possible liabilities.

Council's solicitor has compiled an agreement between Council and the landowners setting out the requirements and possible responsibilities of each party. These agreements have not yet been ratified by all landowners.

These future liabilities have not been brought to account because:

- Council is yet to decide which quarries it will actually fence off, as it is considering closing a number of the least used sites. Restoration costs on these sites would be negligible.
- Preliminary engineering estimates of the individual amounts required to undertake the fencing works have not yet been made due to the variations between each site's size, distance from access point etc.

### 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.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### F People and relationships

##### F1 Related party disclosures

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

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

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

\$ '000	2022	2021
<b>Compensation:</b>		
Short-term benefits	1,111	910
Post-employment benefits	90	82
Other long-term benefits	33	31
<b>Total</b>	<b>1,234</b>	<b>1,023</b>

#### Other transactions with KMP and their related parties

Pre-amble

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		Transactions	Outstanding		Impairment	
\$ '000	Ref	during the year	balances	Terms and conditions	provision on	Impairment
			including		outstanding	expense
			commitments		balances	
<b>2022</b>						
Employee expenses for close family members of KMP	1	443	–	NSW Local Govt State Award	–	–
Catering Supplies	3	–	–	7 day terms on invoices	–	–
Uniform Purchases	2	4	–	7 day terms on invoices	–	–
Real Estate Services	4	–	–	7 day terms on invoices	–	–
Building Services	3	23	–	7 day terms on invoices	–	–
Fees & Charges charged to entities who influence or are influenced by KMP	5	4	–	7 day terms on invoices	–	–

continued on next page ...

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
Signwriting	2	4	–	7 day terms on invoices	–	–
Consultancy	2	2	–	7 day terms on invoices	–	–
Parts Supplier	3	53	–	7 day terms on invoices	–	–
Development Infrastructure Deferred Payments	6	627	–	Development Infrastructure Deferred Payments Policy	–	–
<b>2021</b>						
Employee expenses for close family members of KMP	1	210	–	NSW Local Govt State Award	–	–
Catering Supplies	3	1	–	7 day terms on invoices	–	–
Uniform Purchases	2	4	–	7 day terms on invoices	–	–
Real Estate Services	4	16	–	7 day terms on invoices	–	–
Building Services	3	122	–	7 day terms on invoices	–	–
Fees & Charges charged to entities who influence or are influenced by KMP	5	10	–	7 day terms on invoices	–	–
Signwriting	2	–	–		–	–
Consultancy	2	–	–		–	–
Parts Supplier	3	–	–		–	–
Development Infrastructure Deferred Payments	6	–	–		–	–

1 All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award for the role they perform. Council employs 188 staff, of which only 8 are close family members of KMP.

2 Council purchased the following materials and services from entities that are controlled by KMP. All purchases were at arm's length and were in the normal course of Council operations. Amounts were billed based on normal rates for such services/supplies and were due and payable under normal payment terms following Council's procurement processes.

- Work Uniforms
- Signwriting
- Consultancy Services

3 Council purchased the following materials and services from entities that are controlled by a related party of a KMP. All purchases were at arm's length and were in the normal course of Council operations. Amounts were billed based on normal rates for such services/supplies and were due and payable under normal payment terms following Council's procurement processes

- Parts Supplies
- Building Services
- Catering Supplies

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

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

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4 Council engages the services of a local real estate agency, of which one of the principals is a related party of a KMP. All real estate listings were at arm's length and in the normal course of Council operations. Commission is deducted from the property sale proceeds at a rate of 3% of the sale price. All properties listed for sale are also listed with another reputable real estate agent in the area on the same terms and conditions. In the previous financial year Council rented a residential premises and this real estate agency was the managing agent for this property.

5 The fees & charges charged to entities controlled by KMP or entities that are controlled by a related party of a KMP were in accordance with the schedule of fees and charges adopted by Council. The total disclosed includes:  
- Development Application fees received from a related party of a KMP and from three KMP. The development applications were assessed and approved in accordance with Council's normal terms and conditions. The KMP did not participate in any decisions related to the applications.

6 Council entered into an agreement with a developer which is an entity controlled by a related party of a KMP. The agreement was in accordance with Council's adopted Development Infrastructure Deferred Payments Policy. The KMP did not participate in any decisions related to the agreement.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	18	19
Councillor's fees	93	98
Other Councillor's expenses (including Mayor)	51	28
<b>Total</b>	<b>162</b>	<b>145</b>

#### F2 Other relationships

##### F2-1 Audit fees

\$ '000	2022	2021
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	36	31
<b>Remuneration for audit and other assurance services</b>	<b>36</b>	<b>31</b>
<b>Total Auditor-General remuneration</b>	<b>36</b>	<b>31</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services – Grant Acquittals	4	3
<b>Remuneration for audit and other assurance services</b>	<b>4</b>	<b>3</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>4</b>	<b>3</b>
<b>Total audit fees</b>	<b>40</b>	<b>34</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
<b>Net operating result from Income Statement</b>	9,120	8,358
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	6,366	5,987
(Gain) / loss on disposal of assets	31	(558)
Share of net (profits)/losses of associates/joint ventures using the equity method	(8)	(5)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	323	(762)
Increase / (decrease) in provision for impairment of receivables	(1)	2
(Increase) / decrease of inventories	(769)	99
(Increase) / decrease of other current assets	(91)	(51)
(Increase) / decrease of contract asset	(656)	29
Increase / (decrease) in payables	(33)	(347)
Increase / (decrease) in accrued interest payable	–	(2)
Increase / (decrease) in other accrued expenses payable	97	78
Increase / (decrease) in other liabilities	45	34
Increase / (decrease) in contract liabilities	189	140
Increase / (decrease) in employee benefit provision	77	(144)
<b>Net cash flows from operating activities</b>	<b>14,690</b>	<b>12,858</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### G2-1 Commitments

##### Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Land and Buildings	1,661	433
Plant and equipment	55	360
<b>Total commitments</b>	<b>1,716</b>	<b>793</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	1,716	793
<b>Total payable</b>	<b>1,716</b>	<b>793</b>
<b>Sources for funding of capital commitments:</b>		
Grants and Contributions	738	433
Internally restricted reserves	186	–
Unexpended loans	792	360
<b>Total sources of funding</b>	<b>1,716</b>	<b>793</b>

##### Details of capital commitments

Commitments for land and buildings is comprised of the unperformed works in relation to the construction of a new amenities building at Bob Aldridge Park, the upgrade of the Temora Swimming Pool and the purchase of 22 Trungley Hall Rd. Commitments for Plant & Equipment related to the purchase of a new truck.

#### G3-1 Events occurring after the reporting date

##### Pre-amble

Council is aware of the following 'non-adjusting event' that should be disclosed.

There have been several flood events post year-end and until the water dissipates Council is unable to assess and quantify the damage to Council's road assets.

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### G4 Changes from prior year statements

##### G4-1 Correction of errors

Council has brought to account land registered in Council's name which has not previously been brought to account and several buildings which are on Council owned land that have not previously been brought to account.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

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

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Infrastructure, Property Plant & Equipment	229,070	680	229,750
<b>Total non-current assets</b>	<b>229,274</b>	<b>680</b>	<b>229,954</b>
<b>Total assets</b>	<b>248,449</b>	<b>680</b>	<b>249,129</b>
<b>Net assets</b>	<b>237,386</b>	<b>680</b>	<b>238,066</b>
Accumulated Surplus	94,385	680	95,065
<b>Total equity</b>	<b>237,386</b>	<b>680</b>	<b>238,066</b>

##### Statement of Financial Position

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Infrastructure, Property Plant & Equipment	235,060	680	235,740
<b>Total non-current assets</b>	<b>237,769</b>	<b>680</b>	<b>238,449</b>
<b>Total assets</b>	<b>257,070</b>	<b>680</b>	<b>257,750</b>
<b>Net assets</b>	<b>245,967</b>	<b>680</b>	<b>246,647</b>
Accumulated Surplus	102,742	680	103,422
<b>Total equity</b>	<b>245,967</b>	<b>680</b>	<b>246,647</b>

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### G5 Statement of developer contributions as at 30 June 2022

##### G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>S7.12 levies – under a plan</b>	187	94	–	–	(5)	–	276	–
<b>Total S7.11 and S7.12 revenue under plans</b>	187	94	–	–	(5)	–	276	–
<b>Total contributions</b>	187	94	–	–	(5)	–	276	–

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

##### S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>S7.12 (former S94A) Contributions Plan 2018</b>								
Drainage	47	94	–	–	–	–	141	–
Roads	90	–	–	–	–	–	90	–
Open space	50	–	–	–	(5)	–	45	–
<b>Total</b>	187	94	–	–	(5)	–	276	–

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### G6 Statement of performance measures

##### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021	Indicators 2020	Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>1,211</b>	<b>4.38%</b>	0.33%	1.51%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>27,633</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>19,456</b>	<b>54.69%</b>	53.33%	56.76%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>35,573</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>16,611</b>	<b>4.90x</b>	3.25x	3.13x	> 1.50x
Current liabilities less specific purpose liabilities	<b>3,391</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>7,639</b>	<b>17.48x</b>	14.81x	20.62x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>437</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>189</b>	<b>2.99%</b>	3.31%	3.90%	< 10.00%
Rates and annual charges collectable	<b>6,313</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>19,969</b>	<b>10.34 months</b>	9.14 months	8.94 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>1,931</b>				

(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

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Sewer Indicators		Benchmark
	2022	2021	2022	2021	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>2.32%</b>	(0.74)%	<b>45.03%</b>	21.68%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>					
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>52.99%</b>	51.63%	<b>98.43%</b>	98.09%	> 60.00%
Total continuing operating revenue <sup>1</sup>					
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>4.90x</b>	3.25x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities					
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>15.62x</b>	13.67x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>3.71%</b>	4.04%	<b>0.00%</b>	0.00%	< 10.00%
Rates and annual charges collectable					
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>8.92</b>	7.82	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>months</b>	months			months

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

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

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

# Temora Shire Council

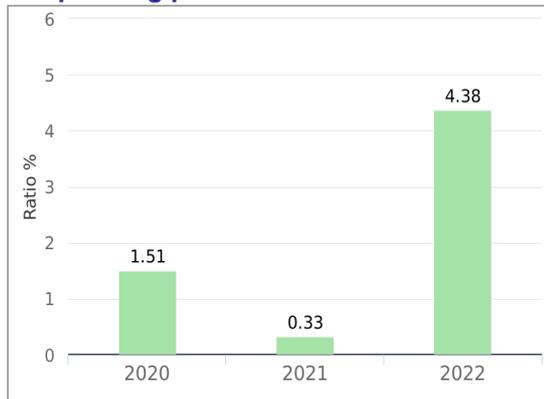
## Notes to the Financial Statements

for the year ended 30 June 2022

### 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 4.38%

Council has achieved an operating surplus this year, however \$3.068m FAGS in advance (representing 75% of 2022/23 FAGS allocation) has been shown as income. Without this advance payment Council would have recorded a loss. Increasing depreciation costs as a result of the ongoing revaluation cycle, along with rising costs and limited revenue generating capacity, continue to put pressure on Council's operating result.

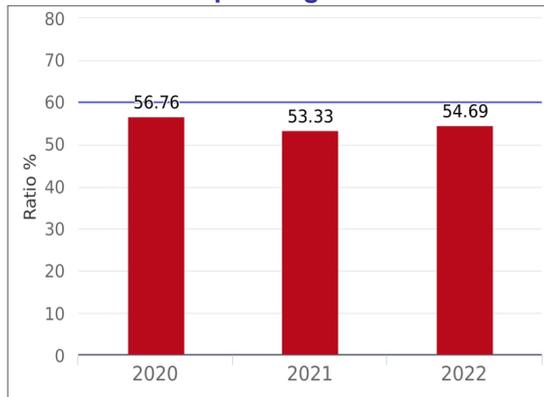
Benchmark: — > 0.00%

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 54.69%

Grants and contributions continue to represent a significant portion of Council's income, which inhibits Council's ability to achieve the 60% Own Source Revenue benchmark.

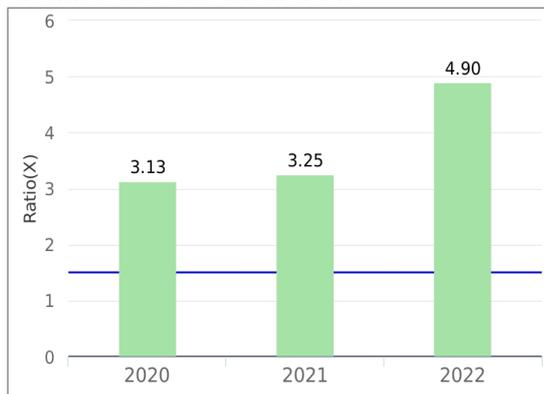
Benchmark: — > 60.00%

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 4.90x

This ratio is a reflection of Council's sound financial position, however it is distorted as a result of the receipt of an additional quarter's FAGS income in 2022.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

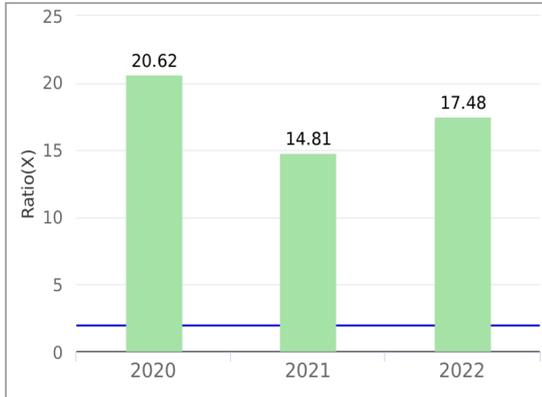
Ratio is outside benchmark

# Temora Shire Council

## Notes to the Financial Statements for the year ended 30 June 2022

### 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 17.48x

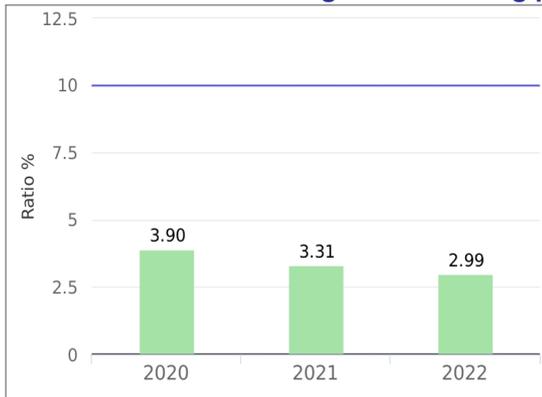
Council currently has three loans. These are for the purchase of the works depot, the construction of the Supported Independent Living House and the upgrade of the Temora Swimming Pool. Council has adequate cash to service this level of debt.

Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark  
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 2.99%

Council continues to perform exceptionally well in this area, despite the current challenging economic conditions.

Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

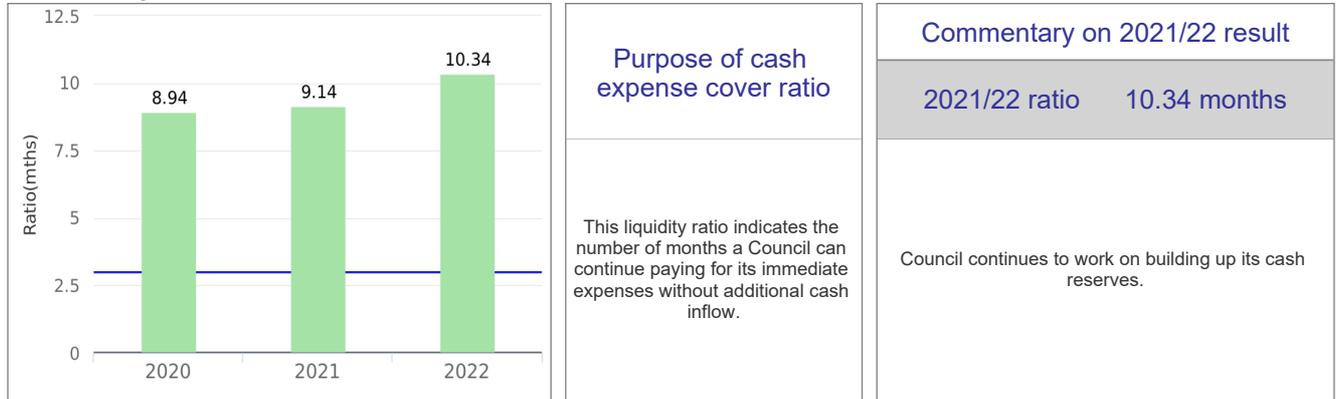
Ratio achieves benchmark  
Ratio is outside benchmark

# Temora Shire Council

## Notes to the Financial Statements for the year ended 30 June 2022

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

#### 6. Cash expense cover ratio



Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## Temora Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2022

#### H1-2 Council information and contact details

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**Principal place of business:**

105 Loftus Street  
Temora NSW 2666

**Contact details**

**Mailing Address:**

PO Box 262  
TEMORA NSW 2666

**Telephone:** 02 6980 1100

**Facsimile:** 02 6980 1138

**Opening hours:**

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

**Internet:** [www.temora.nsw.gov.au](http://www.temora.nsw.gov.au)

**Email:** [temshire@temora.nsw.gov.au](mailto:temshire@temora.nsw.gov.au)

**Officers**

**General Manager**

Gary Lavelle

**Responsible Accounting Officer**

Elizabeth Smith

**Public Officer**

Elizabeth Smith

**Auditors**

Audit Office of New South Wales  
Level 15, 1 Margaret Street  
SYDNEY NSW 2001

**Elected members**

**Mayor**

Rick Firman

**Councillors**

Belinda Bushell

Jason Goode

Anthony Irvine

Nigel Judd

Claire McLaren

Max Oliver

Lindy Reinhold

Graham Sinclair

**Other information**

**ABN:** 55 048 860 109



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Temora Shire Council

To the Councillors of Temora Shire Council

### Qualified Opinion

I have audited the accompanying financial statements of Temora 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, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

### Basis for Qualified Opinion

#### Non recognition of rural fire-fighting equipment

As disclosed in Note C1-7 to the financial statements, the Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 17 June 2013
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2022
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2022
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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 qualified 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](http://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.

Nirupama Mani

Nirupama Mani  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2022  
SYDNEY



Cr Rick Firman  
Mayor  
Temora Shire Council  
105 Loftus Street  
TEMORA NSW 2666

Contact: Nirupama Mani  
Phone no: (02) 9275 7111  
Our ref: D2220732/1793

31 October 2022

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Temora 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 a modified 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.

## **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

### **Modification to the opinion in the Independent Auditor's Report**

#### **Rural fire-fighting equipment not recognised in the financial statements**

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 17 June 2013
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2022 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2022 GPFS to be modified.

Refer to the Independent Auditor's report on the GPFS.

## INCOME STATEMENT

### Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	6.1	5.8	↑ 5
Grants and contributions revenue	16.1	15.3	↑ 11
Operating result from continuing operations	9.1	8.4	↑ 9
Net operating result before capital grants and contributions	1.1	0.6	↑ 78

Rates and annual charges revenue of \$6.1 million increased by \$0.3 million (5 per cent) in 2021–22 due to an increase in the number of rateable properties from 3,760 in 2020–21 to 3,770 in 2021–22.

Grants and contributions revenue of \$16.1 million increased by \$0.8 million (11 per cent) in 2021–22 due to amounts received for:

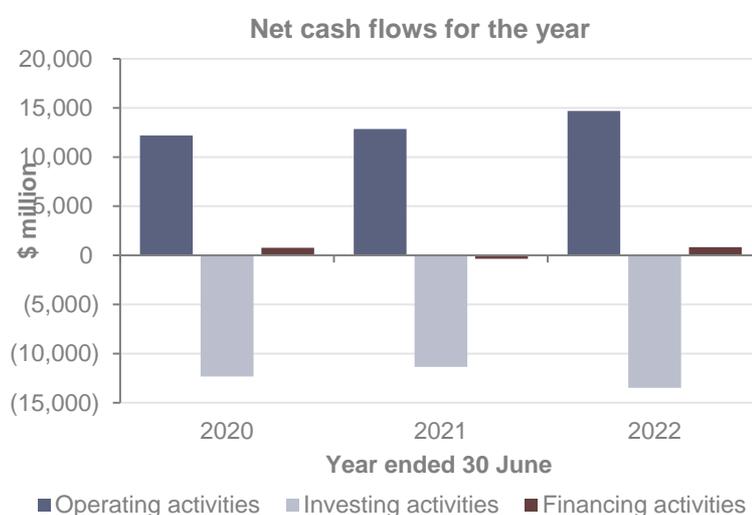
- Local Roads & Community Infrastructure Funding
- Stronger Country Communities Grant
- Swimming Pool Grant.

The Council's operating result from continuing operations was \$9.1 million including depreciation and amortisation expense of \$6.4 million, which was \$0.7 million higher than the 2020–21 result. This was driven by the \$2.3 million increase in user fees and charges, which increased from \$10.2 million in 2020–21 to \$12.5 million in 2021–22.

The net operating result before capital grants and contributions of \$1.1 million was \$0.5 million higher than the 2021–22 result. The increase is due to moderate increase in rates and annual charges and user charges and fees.

## STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$4.8 million at 30 June 2022 (\$2.8 million at 30 June 2021). There was a net increase in cash and cash equivalents of \$2.0 million during 2021–22 financial year.
- Net cash provided by operating activities increased by \$1.8 million. This is mainly due to the increase in cash receipts from grants and contributions of \$3.5 million.
- Net cash used in investing activities has increased by \$2.1 million, which is driven by the sale of real estate assets in 2020–21.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>20.0</b>	<b>16.4</b>	<ul style="list-style-type: none"> <li>• Externally restricted cash and investments are restricted in their use by externally imposed requirements. This has remained stable from 2020–21 to 2021–22 financial years.</li> </ul>
Restricted and allocated cash, cash equivalents and investments:			<ul style="list-style-type: none"> <li>• Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Internal restrictions have increased by \$2.0 million at 30 June 2022.</li> </ul>
• External restrictions	6.7	5.7	
• Internal allocations	12.5	10.5	
• Unrestricted	0.8	0.2	<ul style="list-style-type: none"> <li>• Unrestricted cash and investments are \$0.8 million, which is available to provide liquidity for day-to-day operations of the Council.</li> </ul>

## Debt

The Council has total borrowings of \$3.1 million at 30 June 2022. Council had cash outflows of \$0.4 million during the year. An additional \$1.2 million of new borrowings were drawn down.

## PERFORMANCE

### Performance measures

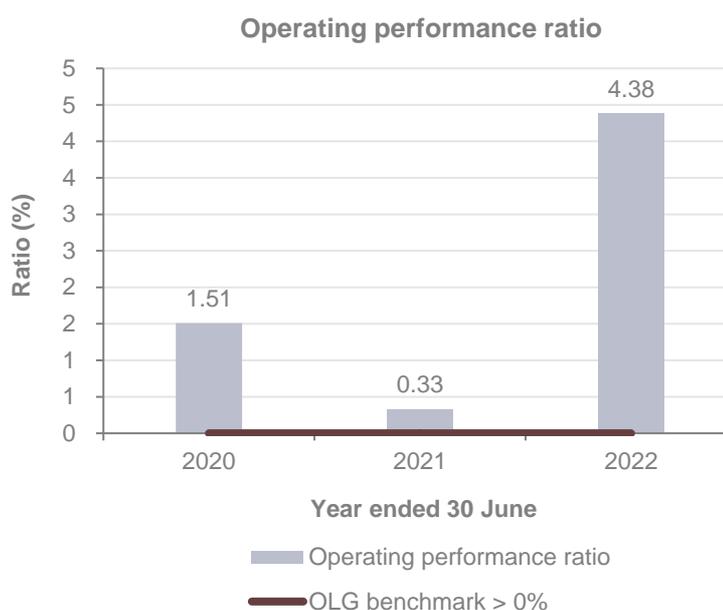
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

#### Operating performance ratio

The Council exceeded 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.

The operating performance ratio has increased as a result of receipt of 75 per cent of the Financial Assistance Grants 2022–23 allocation of funding in the 2022 financial year.

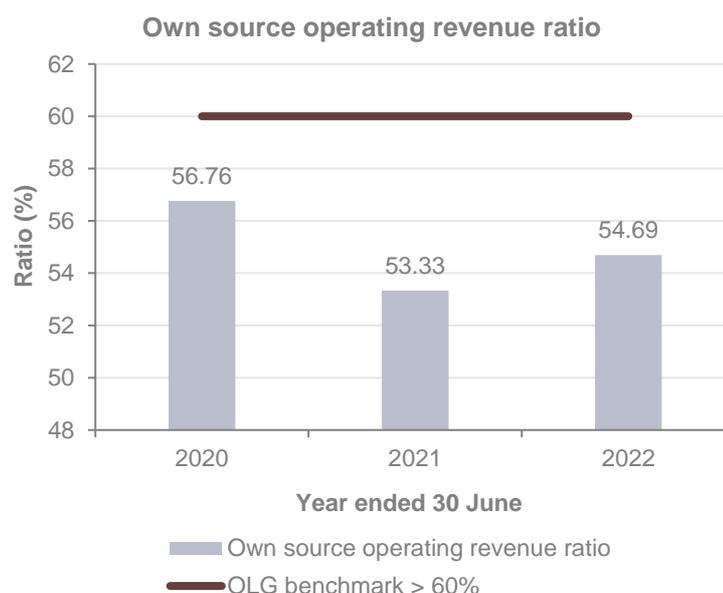


#### Own source operating revenue ratio

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.

The own source operating revenue ratio has increased slightly from 30 June 2021.

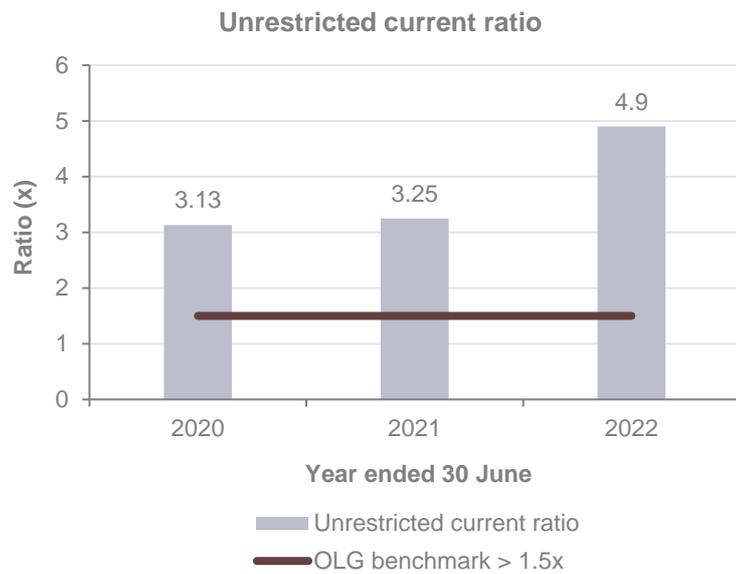


### Unrestricted current ratio

The Council exceeded 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.

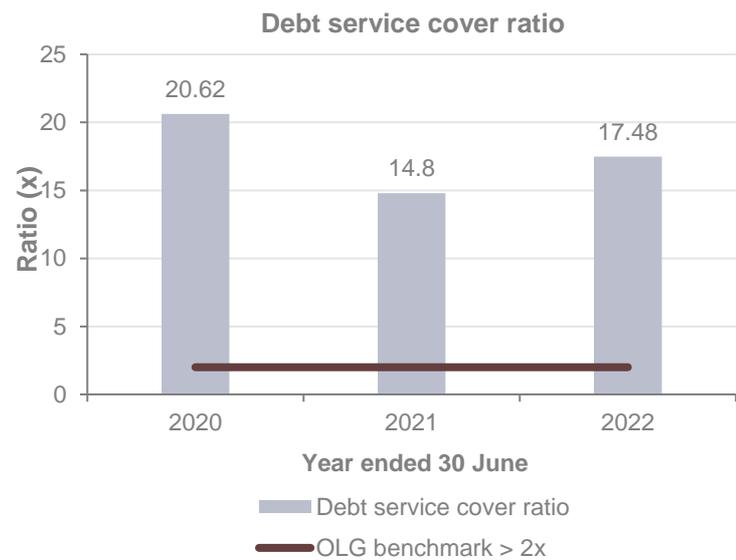
The Council's unrestricted current ratio has increased due to an increase in the unrestricted cash, cash equivalents and investments.



### Debt service cover ratio

The Council exceeded 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.

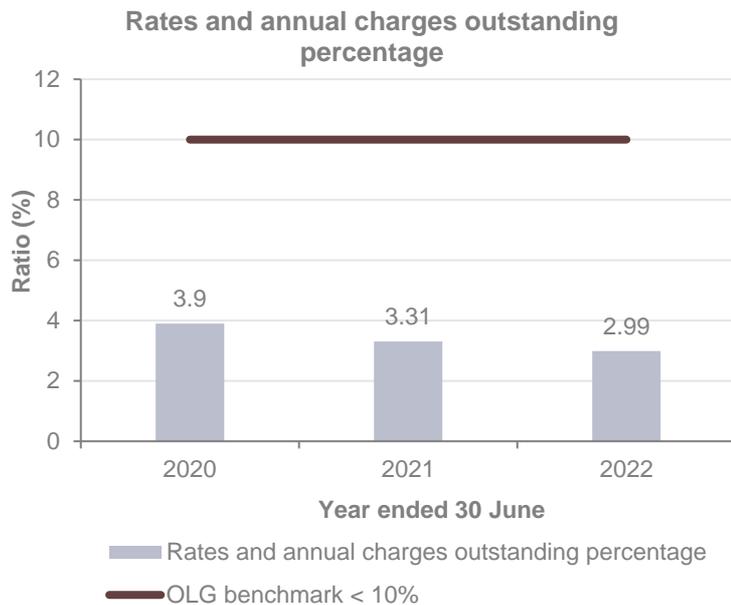


### Rates and annual charges outstanding percentage

The Council is within the OLG benchmark for the current reporting period.

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

The rates and annual charges outstanding remained consistent for the last three years which reflects sound debt recovery at the Council.

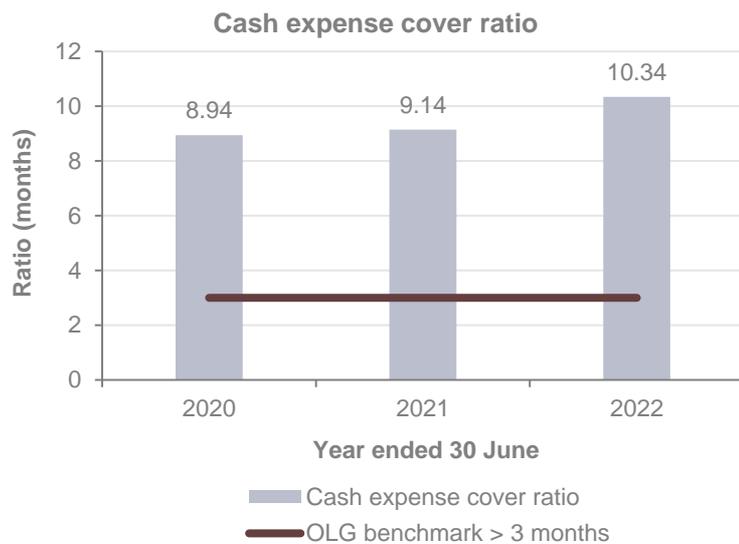


### Cash expense cover ratio

The Council exceeded 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.

The councils cash expense cover has increased due to increase in cash held.



### Infrastructure, property, plant and equipment renewals

The Council renewed \$8.1 million of assets in the 2021–22 financial year, compared to \$9.9 million of assets in the 2020–21 financial year. The increase is primarily due to:

- \$3.4 million of direct renewals for capital work in progress
- \$2 million of direct renewals for roads.

## OTHER MATTERS

### Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements that will be reported in the Management Letter. Rural fire-fighting equipment was not recognised in the financial statements.

Except for the matter outlined above, 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.



Nirupama Mani  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Gary Lavelle, General Manager  
Mr Peter Veneris, Audit, Risk & Improvement Committee Chair  
Mr Elizabeth Smith, Director Administration & Finance  
Mr Michael Cassel, Secretary of the Department of Planning, Industry and Environment

# Temora Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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*"Success through determination and inspiration"*

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

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### 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).

## Temora Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2022

### Statement by Councillors and Management

---

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

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

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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the sewerage business 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 15 September 2022.



Rick Firman  
Mayor  
15 September 2022



Graham Sinclair  
Councillor  
15 September 2022



Gary Lavelle  
General Manager  
15 September 2022



Elizabeth Smith  
Responsible Accounting Officer  
15 September 2022

# Temora Shire Council

## Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
<b>Income from continuing operations</b>		
Access charges	1,217	1,098
User charges	54	52
Interest and investment income	25	23
Grants and contributions provided for operating purposes	21	23
Other income	20	8
<b>Total income from continuing operations</b>	<b>1,337</b>	<b>1,204</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	122	190
Materials and services	394	544
Depreciation, amortisation and impairment	210	209
Net loss from the disposal of assets	9	–
<b>Total expenses from continuing operations</b>	<b>735</b>	<b>943</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>602</b>	<b>261</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>602</b>	<b>261</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>602</b>	<b>261</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(150)	(68)
<b>Surplus (deficit) after tax</b>	<b>452</b>	<b>193</b>
<b>Plus accumulated surplus</b>	9,410	9,149
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	149	68
<b>Closing accumulated surplus</b>	<b>10,011</b>	<b>9,410</b>
<b>Return on capital %</b>	3.1%	2.2%
<b>Subsidy from Council</b>	103	–
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	452	193
<b>Surplus for dividend calculation purposes</b>	<b>452</b>	<b>193</b>
<b>Potential dividend calculated from surplus</b>	<b>226</b>	<b>97</b>

## Temora Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2022

<b>\$ '000</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,747	2,370
Receivables	2,956	2,532
<b>Total current assets</b>	<b>5,703</b>	<b>4,902</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	19,263	11,645
<b>Total non-current assets</b>	<b>19,263</b>	<b>11,645</b>
<b>Total assets</b>	<b>24,966</b>	<b>16,547</b>
<b>Net assets</b>	<b>24,966</b>	<b>16,547</b>
<b>EQUITY</b>		
Accumulated surplus	10,011	9,410
Revaluation reserves	14,955	7,137
<b>Total equity</b>	<b>24,966</b>	<b>16,547</b>

## Temora Shire Council

### Significant Accounting Policies

for the year ended 30 June 2022

#### 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)

**Council has no Category 1 business activities.**

##### Category 2

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

##### Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets servicing the Shire of Temora.

#### 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):

## Temora Shire Council

### Significant Accounting Policies

for the year ended 30 June 2022

#### Note – Significant Accounting Policies (continued)

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##### Notional rate applied (%)

Corporate income tax rate – **25%** (2020/21 26%)

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

The payment of taxation equivalent charges, referred to in the 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 *Local Government Act, 1993*.

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

##### Income tax

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

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

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

##### (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.

##### (iii) Dividends

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

Local government sewerage businesses are permitted to pay an annual dividend from its sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial statements**

#### **Temora Shire Council**

To the Councillors of Temora Shire Council

### **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Temora Shire Council's (the Council) Declared Business Activity, Sewerage Business Activity, 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.

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](http://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 that reads "Nirupama Mani". The signature is written in a cursive style with a small flourish at the end of the name.

Nirupama Mani  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2022  
SYDNEY

# Temora Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2022

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*"Success through determination and inspiration"*

# Temora Shire Council

## Special Schedules

for the year ended 30 June 2022

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Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	7

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# Temora Shire Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	4,141	4,243
Plus or minus adjustments <sup>2</sup>	b	20	6
<b>Notional general income</b>	c = a + b	<b>4,161</b>	<b>4,249</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.00%	2.00%
Or plus rate peg amount	i = e x (c + g)	83	85
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>4,244</b>	<b>4,334</b>
Plus (or minus) last year's carry forward total	l	4	5
<b>Sub-total</b>	n = (l + m)	<b>4</b>	<b>5</b>
<b>Total permissible income</b>	o = k + n	<b>4,248</b>	<b>4,339</b>
Less notional general income yield	p	4,243	4,334
<b>Catch-up or (excess) result</b>	q = o - p	<b>5</b>	<b>5</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r - s	<b>5</b>	<b>5</b>

### Notes

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



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

To the Councillors of Temora Shire Council

### **Opinion**

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Temora 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](http://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.

A handwritten signature in black ink that reads "Nirupama Mani". The signature is written in a cursive style with a small flourish at the end of the name.

Nirupama Mani  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2022  
SYDNEY

# Temora 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 <sup>a</sup> \$ '000	2021/22 Actual maintenance \$ '000			1	2	3	4	5
<b>Buildings</b>	Other	–	–	649	558	26,961	53,850	34.0%	33.0%	33.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>649</b>	<b>558</b>	<b>26,961</b>	<b>53,850</b>	<b>34.0%</b>	<b>33.0%</b>	<b>33.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	–	–	–	–	1,495	2,928	47.0%	19.0%	34.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,495</b>	<b>2,928</b>	<b>47.0%</b>	<b>19.0%</b>	<b>34.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Regional Roads	–	–	146	275	14,548	25,601	7.0%	27.0%	65.0%	1.0%	0.0%
	Urban Sealed Roads	2,570	2,570	244	354	23,651	45,018	7.0%	17.0%	66.0%	8.0%	2.0%
	Urban Unsealed Roads	168	168	37	46	460	1,035	2.0%	1.0%	54.0%	32.0%	11.0%
	Bridges	–	–	5	–	16,367	21,952	68.0%	18.0%	14.0%	0.0%	0.0%
	Rural Sealed Roads	–	–	303	514	36,216	65,802	9.0%	20.0%	66.0%	4.0%	1.0%
	Rural Unsealed Roads	805	805	897	1,292	14,384	28,257	25.0%	22.0%	42.0%	11.0%	0.0%
	Footpaths	564	564	28	19	5,424	7,609	49.0%	10.0%	29.0%	12.0%	0.0%
	Bulk earthworks	–	–	–	–	67,899	67,899	0.0%	100.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	2,480	2,480	63	78	7,961	16,003	8.0%	17.0%	55.0%	16.0%	4.0%
	<b>Sub-total</b>	<b>6,587</b>	<b>6,587</b>	<b>1,723</b>	<b>2,578</b>	<b>186,910</b>	<b>279,176</b>	<b>13.6%</b>	<b>39.1%</b>	<b>41.7%</b>	<b>4.8%</b>	<b>0.8%</b>
<b>Sewerage network</b>	Sewerage Reticulation Network	271	271	267	123	14,677	22,986	8.0%	50.0%	35.0%	5.0%	2.0%
	Sewerage Reticulation Pump Stations	–	–	18	17	860	1,340	18.0%	24.0%	12.0%	46.0%	0.0%
	Sewerage Treatment Plant	360	360	150	89	898	1,397	0.0%	47.0%	48.0%	5.0%	0.0%
	Effluent Reticulation Pipes	–	–	113	65	1,069	1,751	0.0%	100.0%	0.0%	0.0%	0.0%
	Effluent Infrastructure – Storage	–	–	–	–	1,089	1,867	0.0%	6.0%	86.0%	0.0%	8.0%
	Effluent Infrastructure – Pump Stations	135	135	–	–	637	826	38.0%	29.0%	21.0%	3.0%	9.0%
<b>Sub-total</b>	<b>766</b>	<b>766</b>	<b>548</b>	<b>294</b>	<b>19,230</b>	<b>30,167</b>	<b>7.9%</b>	<b>48.3%</b>	<b>35.3%</b>	<b>6.2%</b>	<b>2.3%</b>	
<b>Stormwater drainage</b>	Stormwater drainage	–	–	20	13	7,104	12,903	1.0%	30.0%	61.0%	8.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>20</b>	<b>13</b>	<b>7,104</b>	<b>12,903</b>	<b>1.0%</b>	<b>30.0%</b>	<b>61.0%</b>	<b>8.0%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	–	–	125	127	1,135	2,574	57.0%	29.0%	13.0%	1.0%	0.0%
	Open Space Assets	–	–	–	–	4,498	6,883	15.0%	55.0%	30.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>125</b>	<b>127</b>	<b>5,633</b>	<b>9,457</b>	<b>26.4%</b>	<b>47.9%</b>	<b>25.4%</b>	<b>0.3%</b>	<b>0.0%</b>

# Temora Shire Council

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

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance <sup>a</sup>	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					
<b>Other infrastructure assets</b>	Other Infrastructure	–	–	–	–	17,749	20,455	77.0%	23.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	–	–	–	–	<b>17,749</b>	<b>20,455</b>	<b>77.0%</b>	<b>23.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
	<b>Total – all assets</b>	<b>7,353</b>	<b>7,353</b>	<b>3,065</b>	<b>3,570</b>	<b>265,082</b>	<b>408,936</b>	<b>19.2%</b>	<b>38.0%</b>	<b>38.1%</b>	<b>4.0%</b>	<b>0.7%</b>

(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

# Temora Shire Council

## Report on infrastructure assets as at 30 June 2022

### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021	Indicators 2020	Benchmark
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>7,033</b>	<b>105.14%</b>	151.30%	86.50%	>= 100.00%
Depreciation, amortisation and impairment	<b>6,689</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>7,353</b>	<b>2.74%</b>	3.27%	3.31%	< 2.00%
Net carrying amount of infrastructure assets	<b>268,595</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>3,570</b>	<b>116.48%</b>	108.92%	93.95%	> 100.00%
Required asset maintenance	<b>3,065</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>7,353</b>	<b>1.80%</b>	3.00%	3.20%	
Gross replacement cost	<b>408,936</b>				

(\*) 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.

# Temora Shire Council

## Report on infrastructure assets as at 30 June 2022

### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Sewer fund		Benchmark
	2022	2021	2022	2021	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>108.03%</b>	154.98%	<b>11.06%</b>	44.97%	>= 100.00%
Depreciation, amortisation and impairment					
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>2.64%</b>	3.18%	<b>3.98%</b>	4.96%	< 2.00%
Net carrying amount of infrastructure assets					
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>130.15%</b>	114.01%	<b>53.65%</b>	79.34%	> 100.00%
Required asset maintenance					
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>1.74%</b>	3.00%	<b>2.54%</b>	2.94%	
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.