

Nambucca Valley Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022

Nambucca Valley ~ Living at its best



Nambucca Valley Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Nambucca Valley ~ Living at its best



Nambucca Valley Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

44 Princess Street
MACKSVILLE NSW 2447

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.nambucca.nsw.gov.au.

Nambucca Valley Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

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

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

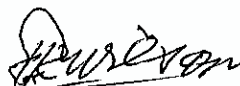
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 13 October 2022.



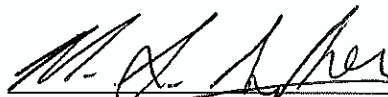
Rhonda Hoban
Mayor
13 October 2022



John Wilson
Councillor
13 October 2022



Chris Thompson
General Manager
13 October 2022



Matthew Sykes
Chief Financial Officer
13 October 2022

Nambucca Valley Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
	Income from continuing operations			
21,504	Rates and annual charges	B2-1	22,157	21,416
7,544	User charges and fees	B2-2	7,788	7,123
198	Other revenues	B2-3	1,264	518
6,736	Grants and contributions provided for operating purposes	B2-4	10,896	7,708
13,106	Grants and contributions provided for capital purposes	B2-4	19,219	12,973
605	Interest and investment income	B2-5	605	991
258	Other income	B2-6	230	368
–	Net gain from the disposal of assets	B4-1	–	274
49,951	Total income from continuing operations		62,159	51,371
	Expenses from continuing operations			
11,124	Employee benefits and on-costs	B3-1	12,068	11,991
8,294	Materials and services	B3-2	14,421	13,644
2,257	Borrowing costs	B3-3	2,301	2,342
10,375	Depreciation, amortisation and impairment of non-financial assets	B3-4	10,899	10,682
4,049	Other expenses	B3-5	3,066	1,627
–	Net loss from the disposal of assets	B4-1	1,063	–
36,099	Total expenses from continuing operations		43,818	40,286
13,852	Operating result from continuing operations		18,341	11,085
13,852	Net operating result for the year attributable to Council		18,341	11,085
746	Net operating result for the year before grants and contributions provided for capital purposes		(878)	(1,888)

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

Nambucca Valley Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Net operating result for the year – from Income Statement		18,341	11,085
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	45,393	3,478
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	(436)	(103)
Total items which will not be reclassified subsequently to the operating result		44,957	3,375
Total other comprehensive income for the year		44,957	3,375
Total comprehensive income for the year attributable to Council		63,298	14,460

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

Nambucca Valley Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	7,838	11,275
Investments	C1-2	15,609	18,159
Receivables	C1-4	4,486	3,371
Inventories	C1-5	1,482	1,016
Contract assets and contract cost assets	C1-6	3,330	2,984
Other	C1-9	73	121
Total current assets		32,818	36,926
Non-current assets			
Investments	C1-2	41,003	24,133
Receivables	C1-4	28	35
Inventories	C1-5	2,929	1,731
Infrastructure, property, plant and equipment (IPPE)	C1-7	536,520	482,646
Intangible assets	C1-8	465	505
Total non-current assets		580,945	509,050
Total assets		613,763	545,976
LIABILITIES			
Current liabilities			
Payables	C2-1	4,922	3,430
Contract liabilities	C2-2	8,375	5,801
Borrowings	C2-3	2,188	2,103
Employee benefit provisions	C2-4	3,611	3,906
Total current liabilities		19,096	15,240
Non-current liabilities			
Payables	C2-1	1,172	379
Borrowings	C2-3	36,341	36,728
Employee benefit provisions	C2-4	128	106
Provisions	C2-5	1,250	1,045
Total non-current liabilities		38,891	38,258
Total liabilities		57,987	53,498
Net assets		555,776	492,478
EQUITY			
Accumulated surplus		366,670	348,329
IPPE revaluation reserve	C3-1	189,106	144,149
Council equity interest		555,776	492,478
Total equity		555,776	492,478

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

Nambucca Valley Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		348,329	144,149	492,478	337,107	140,911	478,018
Net operating result for the year		18,341	–	18,341	11,085	–	11,085
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	45,393	45,393	–	3,478	3,478
– Impairment (loss) reversal relating to IPP&E	C1-7	–	(436)	(436)	–	(103)	(103)
Other comprehensive income		–	44,957	44,957	–	3,375	3,375
Total comprehensive income		18,341	44,957	63,298	11,085	3,375	14,460
Transfers between equity items		–	–	–	137	(137)	–
Closing balance at 30 June		366,670	189,106	555,776	348,329	144,149	492,478

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

Nambucca Valley Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
Receipts:				
21,489	Rates and annual charges		22,400	21,586
7,512	User charges and fees		7,478	7,482
591	Investment revenue and interest received		516	1,095
19,322	Grants and contributions		25,438	18,716
–	Bonds, deposits and retentions received		542	511
555	Other		1,298	3,080
Payments:				
–	Bonds, deposits and retentions refunded		(141)	(261)
(4,059)	Other		(2,666)	(4,193)
(2,276)	Borrowing costs		(2,303)	(2,351)
(11,003)	Payments to employees		(12,325)	(11,501)
(8,428)	Payments for materials and services		(12,706)	(13,483)
23,703	Net cash flows from operating activities	G1-1	27,531	20,681
Cash flows from investing activities				
Receipts:				
–	Sale of investments		17,759	12,554
–	Sale of real estate assets		–	2,153
1,151	Proceeds from sale of IPPE		62	127
Payments:				
–	Purchase of investments		(7,272)	(14,440)
–	Acquisition of term deposits		(24,898)	(5,942)
(22,332)	Payments for IPPE		(14,686)	(10,596)
–	Purchase of real estate assets		(1,631)	(252)
–	Purchase of intangible assets		–	(126)
(21,181)	Net cash flows from investing activities		(30,666)	(16,522)
Cash flows from financing activities				
Receipts:				
500	Proceeds from borrowings		1,800	1,100
Payments:				
(2,112)	Repayment of borrowings		(2,102)	(1,945)
(1,612)	Net cash flows from financing activities		(302)	(845)
910	Net change in cash and cash equivalents		(3,437)	3,314
11,275	Cash and cash equivalents – beginning of year		11,275	7,961
12,185	Cash and cash equivalents at end of year	C1-1	7,838	11,275
10,646	plus: Investments on hand at end of year	C1-2	56,612	42,292
22,831	Total cash, cash equivalents and investments		64,450	53,567

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

Nambucca Valley Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 13 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer C1-7
- (ii) estimated tip remediation provisions – refer C2-5
- (iii) employee benefit provisions – refer C2-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

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

- (ii) COVID-19 pandemic

Council's operations were not significantly impacted by the COVID-19 pandemic during 2022

Council assessed the impacts on its financial statements for the current year and determined that there was not a significant impact and Council's assets as presented in the financial statements, are at fair value. Council saw only a noticeable change as a result of COVID-19 in Interest and Investment Revenue explained further in B2-5 and in Grants and Contributions explained further in B2-4.

Monies and other assets received by Council

The Consolidated Fund

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

A1-1 Basis of preparation (continued)

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council is very much appreciative of the many volunteers who provide services to the community. However, the reality is that due to funding constraints many of these services would not be purchased or provided by Council if the volunteers ceased providing them or alternatively the service level would be greatly reduced. For the services that Council would continue to provide in the absence of volunteers the total cost to Council is not material enough for inclusion in the Annual 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.

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

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

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

These Standards amend AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

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

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

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

A1-1 Basis of preparation (continued)

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

This Standard amends a number of standards as follows:

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

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

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

New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2022. None of these standards had a significant impact on reported position or performance.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
Administration	17,453	15,548	1,789	1,580	15,664	13,968	5,041	3,572	14,830	12,158
Public Order and Safety	1,427	1,593	2,340	2,693	(913)	(1,100)	1,089	1,525	6,600	5,947
Health	239	239	163	248	76	(9)	–	–	17	22
Environment	814	808	1,393	1,441	(579)	(633)	149	274	353	423
Community Services and Education	39	18	155	103	(116)	(85)	38	18	1,001	918
Housing and Community amenities	7,702	6,755	7,924	6,959	(222)	(204)	471	176	14,099	11,893
Water Supplies	7,200	6,800	6,135	5,666	1,065	1,134	2,265	1,615	123,607	115,196
Sewerage Services	7,275	6,261	6,058	5,132	1,217	1,129	2,209	1,361	95,163	90,460
Recreation and Culture	3,360	2,340	4,218	3,802	(858)	(1,462)	2,910	2,468	62,920	54,125
Mining, Manufacturing and Construction	181	231	693	536	(512)	(305)	–	–	–	–
Transport and Communication	15,350	9,026	12,344	11,489	3,006	(2,463)	14,890	9,391	290,020	251,624
Economic Affairs	1,119	1,752	606	637	513	1,115	1,053	281	5,153	3,210
Total functions and activities	62,159	51,371	43,818	40,286	18,341	11,085	30,115	20,681	613,763	545,976

B1-2 Components of functions or activities

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

Administration

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

Public Order and Safety

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

Health

Includes immunisation; food control; health centres etc.

Environment

Includes environmental and town planning support services.

Community Services and Education

Includes administration and education; social protection (welfare); Aboriginal and other community services and administration (excluding accommodation - covered under "housing and community amenities"); youth services; aged and disabled persons services; and other family and children services.

Housing and Community Services

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management including domestic waste, other waste management, other sanitation and garbage; street cleaning; public cemeteries; public conveniences; town planning; other community amenities.

Water Supply

Operation and maintenance of all water supply infrastructure to supply water to consumers that complies with Australian Drinking Water Guidelines. Infrastructure includes Bowra Dam, bores, pumps, water treatment plant, transfer pipelines, Reservoirs and reticulation pipework.

Sewerage Services

Operation and maintenance of all sewerage infrastructure to collect and treat wastewater in compliance with EPA licence requirements. Infrastructure includes Sewage Treatment Plants, gravity sewer mains, sewage pump stations, sewer rising mains and low pressure sewerage systems.

Recreation and Culture

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

Mining, Manufacturing and Construction

Includes building control; quarries and pits.

Transport and Communciation

Urban local; urban regional; includes sealed and unsealed roads; bridges; footpaths; parking areas; bus shelters and services; drainage; stormwater management; water transport and street lighting.

Economic Affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; real estate development; private works and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	9,082	8,745
Farmland	1,042	1,005
Business	1,172	1,139
Less: pensioner rebates	(397)	(397)
Rates levied to ratepayers	10,899	10,492
Pensioner rate subsidies received	221	218
Total ordinary rates	11,120	10,710
Special rates		
Environmental	454	440
Rates levied to ratepayers	454	440
Total special rates	454	440
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	4,435	4,283
Water supply services	1,167	1,132
Sewerage services	4,136	4,014
Drainage	149	147
Waste management services (non-domestic)	882	878
Less: pensioner rebates	(454)	(453)
Annual charges levied	10,315	10,001
Pensioner subsidies received:		
– Water	84	83
– Sewerage	75	74
– Domestic waste management	109	108
Total annual charges	10,583	10,266
Total rates and annual charges	22,157	21,416

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

Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period. Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government. Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	3,646	3,594
Sewerage services	1	881	856
Waste management services (non-domestic)	1	1,812	1,321
Other	1	21	32
Library	1	2	3
Total specific user charges		6,362	5,806
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	176	217
Planning and building regulation	2	236	252
Private works – section 67	2	–	26
Regulatory/ statutory fees	2	569	413
Section 10.7 certificates (EP&A Act)	2	51	55
Section 603 certificates	2	49	58
Septic tank income	2	77	65
Town planning-environmental compliance fees	2	32	27
Total fees and charges – statutory/regulatory		1,190	1,113
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	2	154	122
Park rents	2	82	82
Total fees and charges – other		236	204
Total other user charges and fees		1,426	1,317
Total user charges and fees		7,788	7,123
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		6,362	5,806
User charges and fees recognised at a point in time (2)		1,426	1,317
Total user charges and fees		7,788	7,123

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

Where an upfront fee is charged the fee is recognised on a straight-line basis over the expected life of the membership.

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Community Centre User Charges	1	13	18
Fines – parking	2	13	11
Fines – other	2	39	49
Diesel rebate	2	58	63
Sales – general	2	8	8
Administration	2	40	10
Bank merchant service fees	2	12	10
Environmental services	2	91	110
Insurance – premium rebates	2	264	3
Libraries	2	8	9
Road closure/compulsory acquisition	2	58	86
Special meter reading fees	2	9	7
Staff Car charges	2	97	100
Other – found assets	2	493	–
Other	2	61	34
Total other revenue		1,264	518

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	13	18
Other revenue recognised at a point in time (2)	1,251	500
Total other revenue	1,264	518

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,618	1,380	–	–
Financial assistance – local roads component	2	672	612	–	–
Payment in advance - future year allocation					
Financial assistance – general component ##	2	2,484	1,476	–	–
Financial assistance – local roads component ##	2	1,036	657	–	–
Amount recognised as income during current year		5,810	4,125	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Aquatic Centre	1	–	–	96	815
Bushfire and emergency services	2	658	780	–	–
Water supplies	1	–	–	894	442
Sewerage services	1	–	–	105	268
Community care	2	26	16	–	–
Community centres	1,2	–	3	–	–
Economic development	1,2	71	44	982	236
Employment and training programs	2	129	15	–	–
Environmental programs	1,2	104	41	46	233
Library	1,2	132	126	2,262	211
Museums	2	28	15	–	–
Noxious weeds	2	103	163	–	–
Public halls	1,2	20	4	85	25
Recreation and culture	1	49	–	217	1,057
Street lighting	2	24	21	–	–
Transport (roads to recovery)	2	769	769	–	–
Transport for NSW (other roads and bridges funding)	1,2	90	274	3,258	2,429
Better waste and recycling	1	–	–	209	–
Other specific grants	1,2	77	53	99	11
Previously contributions:					
Bushfire services	1	–	–	4	48
Emergency Services	2	–	5	–	–
Paving	1	–	–	520	50
Parking-Nambucca Heads Seawall	1	–	–	567	26
Public Conveniences	1	–	–	–	13
Recreation and culture	1,2	5	10	–	–
Roads and bridges	1,2	2,174	821	398	741
Sewerage (excl. section 64 contributions)	1	–	–	14	8
Transport for NSW contributions (regional roads, block grant)	1,2	552	390	267	197
Water supplies (excl. section 64 contributions)	1	–	–	46	54
Other contributions	2	75	33	–	–
Total special purpose grants and non-developer contributions – cash		5,086	3,583	10,069	6,864

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Non-cash contributions					
Other Contributed Assets	2	—	—	285	194
Subdivisions	2	—	—	5,531	3,074
RFS Contributed Assets	2	—	—	425	689
Total other contributions – non-cash		—	—	6,241	3,957
Total special purpose grants and non-developer contributions (tied)		5,086	3,583	16,310	10,821
Total grants and non-developer contributions		10,896	7,708	16,310	10,821
Comprising:					
– Commonwealth funding		6,785	4,958	1,735	982
– State funding		4,206	2,725	7,902	5,418
– Other funding		(95)	25	6,673	4,421
		10,896	7,708	16,310	10,821

(##) Partial prepayment of the 2022/23 Financial Assistance Grant is recognised as income in the 2021/22 statements and placed in an internal reserve (see Note C1-3 - note however the amount in the internal reserve is \$680k less than the advance payment as \$680k has been lent from this internal reserve to another internal reserve being the Land Development Reserve). The prepayment is included in the financial performance ratios at Note G5 & has a material impact.

Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	—	—	31	25
S 7.12 – fixed development consent levies		2	—	—	906	621
S 64 – water supply contributions		2	—	—	872	754
S 64 – sewerage service contributions		2	—	—	1,100	752
Total developer contributions			—	—	2,909	2,152
Total contributions			—	—	2,909	2,152
Total grants and contributions			10,896	7,708	19,219	12,973
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			—	—	9,860	6,864
Grants and contributions recognised at a point in time (2)			10,896	7,708	9,359	6,109
Total grants and contributions			10,896	7,708	19,219	12,973

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants				
Unspent funds at 1 July	2,801	3,543	4,590	1,836
Add: Funds received and not recognised as revenue in the current year	4,539	2,577	4,200	4,122
Less: Funds received in prior year but revenue recognised and funds spent in current year	(2,595)	(3,319)	(2,789)	(1,368)
Unspent grants at 30 June	4,745	2,801	6,001	4,590
Contributions				
Unspent funds at 1 July	264	200	8,246	6,765
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	131	154	2,962	2,287
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(97)	(90)	(1,003)	(806)
Unspent contributions at 30 June	298	264	10,205	8,246

Accounting policy

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

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

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

Contributions

Nambucca Valley Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s7.11 and 7.12 of the Environmental Planning and Assessment Act 1979.

B2-4 Grants and contributions (continued)

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

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	128	89
– Cash and investments	477	902
Total interest and investment income (losses)	605	991
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	111	89
General Council cash and investments	255	264
Restricted investments/funds – external:		
Development contributions		
– Section 7.11/7.12	7	14
– Section 64	46	121
Water fund operations	100	284
Sewerage fund operations	59	136
Domestic waste management operations	27	83
Total interest and investment income	605	991

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
Reversal of revaluation decrements on IPPE previously expensed			
Revaluation Decrement Reversal - Swimming Pools		–	85
Total gross reversal of revaluation decrements on IPPE previously expensed		–	85
Total reversal of revaluation decrements on IPPE previously expensed charged to Income Statement	C1-7	–	85
Fair value increment on investments			
Fair value increment on investments through profit and loss		–	54
Total Fair value increment on investments		–	54
Rental income			
Other lease income			
Room/Facility Hire		–	6
Telecommunication sites		77	103
Crown Leases		113	103
Other		40	17
Total other lease income		230	229
Total rental income		230	229
Total other income		230	368

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	9,469	9,224
Employee termination costs (where material – other than vested leave paid)	9	79
Travel expenses	535	598
Employee leave entitlements (ELE)	1,491	1,414
Superannuation	1,151	1,063
Workers' compensation insurance	372	359
Fringe benefit tax (FBT)	16	20
Training costs (other than salaries and wages)	126	218
Protective clothing	16	29
Other	81	87
Total employee costs	13,266	13,091
Less: capitalised costs	(1,198)	(1,100)
Total employee costs expensed	12,068	11,991

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		1,259	1,018
Contractor and consultancy costs (other)		6,932	6,075
– Beach inspections		87	84
– Cleaning of Council buildings		74	82
– Computer system – Civica – Authority		247	205
– Environmental		27	73
– Financial		16	24
– Labour hire		221	246
– Sewer		59	5
– Waste collection contract		2,689	2,782
- EPA Landfill Post Closure Monitoring Expenses		31	(49)
– Water		50	35
Audit Fees	F2-1	59	61
Councillor and Mayoral fees and associated expenses	F1-2	156	140
Advertising		57	64
Bank charges		69	65
Election expenses		152	–
Electricity and heating		580	667
Insurance		729	620
Office expenses (including computer expenses)		139	288
Postage		49	46
Printing and stationery		44	44

continued on next page ...

B3-2 Materials and services (continued)

\$ '000	2022	2021
Street lighting	186	185
Subscriptions and publications	70	82
Telephone and communications	105	79
Valuation fees	91	63
Insurance excess (PI/PL)	15	53
Donations - Bush Fire Relief	–	412
Legal expenses:		
– Legal expenses: planning and development	58	11
– Legal expenses: other	170	184
Total materials and services	14,421	13,644
Total materials and services	14,421	13,644

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on loans		2,262	2,334
Total interest bearing liability costs		2,262	2,334
Total interest bearing liability costs expensed		2,262	2,334
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C2-5	39	8
Total other borrowing costs		39	8
Total borrowing costs expensed		2,301	2,342

Accounting policy

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

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

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment	C1-7	864	788
Office equipment	C1-7	95	88
Furniture and fittings	C1-7	7	9
Land improvements (depreciable)	C1-7	–	2
Infrastructure:			
– Buildings – non-specialised		357	347
– Buildings – specialised		208	205
– Other structures		539	522
– Roads		2,908	2,876
– Bridges		831	683
– Footpaths		165	153
– Other road assets		73	76
– Stormwater drainage		622	610
– Water supply network		1,704	1,663
– Sewerage network		1,843	1,814
– Swimming pools		65	44
– Other open space/recreational assets		207	184
– Other infrastructure		365	342
Other assets:			
– Heritage collections		1	1
– Library books		89	89
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-7	23	24
Intangible assets	C1-8	40	82
Total gross depreciation and amortisation costs		11,006	10,602
Less: capitalised costs		(107)	(132)
Total depreciation and amortisation costs		10,899	10,470
Impairment / revaluation decrement of IPPE			
Land improvements (depreciable) -Revaluation Decrement to P&L		–	212
Infrastructure:			
Buildings – non-specialised -Impairment loss recognised in equity	C1-7	–	91
Roads -Impairment loss recognised in equity		436	12
Total gross IPPE impairment / revaluation decrement costs		436	315
Amounts taken through revaluation reserve	C1-7	(436)	(103)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	212
Total depreciation, amortisation and impairment for non-financial assets		10,899	10,682

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C1-8 for intangible assets.

Impairment of non-financial assets

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

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

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by

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
Impairment of receivables			
Other		14	10
Total impairment of receivables		14	10
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		117	—
Total Fair value decrement on investments	C1-2	117	—
Other			
– NSW Rural Fire Service & Fire and Rescue NSW		417	550
– Waste levy		757	717
– Other contributions/levies		41	35
Donations, contributions and assistance to other organisations (Section 356)		1,240	277
– SES vehicle expenses		30	38
– Other		450	—
Total other		2,935	1,617
Total other expenses		3,066	1,627

Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2022	2021
Infrastructure, property, plant and equipment			
Proceeds from disposal – Infrastructure, property, plant and equipment		62	127
Less: carrying amount of Infrastructure, property, plant and equipment assets sold/written off		(1,151)	(1,263)
Gain (or loss) on disposal		(1,089)	(1,136)
Gain (or loss) on disposal of real estate assets held for sale			
Proceeds from disposal – real estate assets		–	2,153
Less: carrying amount of real estate assets sold/written off	C1-5	–	(743)
Gain (or loss) on disposal		–	1,410
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments		26	–
Gain (or loss) on disposal		26	–
Net gain (or loss) from disposal of assets		(1,063)	274

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Rates and annual charges	21,504	22,157	653	3% F
User charges and fees	7,544	7,788	244	3% F
Other revenues	198	1,264	1,066	538% F
Other revenues had a favourable variance of \$1,066,000 largely attributable to insurance premium rebates increasing significantly due to paid claims for Macksville Memorial Aquatic and Fitness Centre March 2021 storm damage \$264,000 unbudgeted and found assets \$492,000 unbudgeted which relates to Transport for NSW transfer of land for public road and RFS assets.				
Operating grants and contributions	6,736	10,896	4,160	62% F
Operating Grants and Contributions had a favourable variance of \$4,160,000 largely attributable to Natural Disaster payments for maintenance costs and Financial Assistance Grants being larger than anticipated				
Capital grants and contributions	13,106	19,219	6,113	47% F
For Capital Grants & Contributions there was favourable variance of \$6,113,000 which was largely attributable to grants for Fixing Country Bridges of \$2,137,000 and \$567,000 Nambucca Heads Sea Wall to the original budget. Also Council received more in developer contributions than originally budgeted (\$556,000 Section 7.12, \$572,000 Section 64 - Water and \$715,000 Section 64 - Sewer).				
Interest and investment revenue	605	605	-	0% F
Other income	258	230	(28)	(11)% U
Other Income has an unfavourable variance of \$28,000 to original budget due to telecommunications sites rental income being less than budgeted				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	11,124	12,068	(944)	(8)% U
Materials and services	8,294	14,421	(6,127)	(74)% U
Increased maintenance costs related to natural disaster works plus a number of items budgeted had actuals recognised as Materials & Services expenses but budgets placed on Other Expenses.				
Borrowing costs	2,257	2,301	(44)	(2)% U
Depreciation, amortisation and impairment of non-financial assets	10,375	10,899	(524)	(5)% U
Other expenses	4,049	3,066	983	24% F
The primary reasons for the variation in Other Expenses was that a number of items budgeted have actuals recognised as Materials & Services expenses and \$880,000 contribution to Bowraville Sports Hub.				

Statement of cash flows

Cash flows from operating activities	23,703	27,531	3,828	16% F
Favourable variance chiefly due to grants and contributions being \$6,116,000 greater than originally budgeted (increased developer contributions and grants for natural disasters), payments for materials and services being \$4,278,000 greater than originally budgeted (related to natural disasters), other receipts being \$743,000 greater than originally budgeted (due to increased input tax credits for purchases subject to GST), and Bonds, deposits and retentions received of \$542,000 unbudgeted.				
Cash flows from investing activities	(21,181)	(30,666)	(9,485)	45% U
Unfavourable variance due to additional funds held in investments due to capital grants and capital contributions being greater than original budget.				
Cash flows from financing activities	(1,612)	(302)	1,310	(81)% F
The favourable variance is chiefly attributable to the loan for the Nambucca Heads Library Extension which was budgeted as \$500,000 however the final loan amount drawn down was \$1,800,000. The additional \$1,300,000 was required as a grant application for \$1,300,000 was unsuccessful.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	4,361	8,809
Cash equivalent assets		
– Deposits at call	3,477	2,466
Total cash and cash equivalents	7,838	11,275

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	7,838	11,275
Balance as per the Statement of Cash Flows	7,838	11,275

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
Financial assets at fair value through the profit and loss				
NCD's, FRN's and Fixed Interest Bonds (with maturities > 3 months)	–	9,279	1,001	5,479
Tcorp	3,780	–	3,362	–
Total	3,780	9,279	4,363	5,479
Debt securities at amortised cost				
Long term deposits	11,829	31,724	13,796	18,654
Total	11,829	31,724	13,796	18,654
Total financial investments	15,609	41,003	18,159	24,133
Total cash assets, cash equivalents and investments	23,447	41,003	29,434	24,133

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

C1-2 Financial investments (continued)

- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents, and long term deposits in the Statement of Financial Position.

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

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

Financial assets through profit or loss

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

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs, Managed Funds and TCorp, in the Statement of Financial Position.

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

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	64,450	53,567
Less: Externally restricted cash, cash equivalents and investments	(49,885)	(42,537)
Cash, cash equivalents and investments not subject to external restrictions	14,565	11,030

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended grants – water fund	170	60
Specific purpose unexpended grants – sewer fund	138	149
Specific purpose unexpended grants – general fund	7,233	4,723
Security deposits	1,544	1,143
EPA Contribution to Waste Management	500	500
Other Contributions	–	66
Property Insurance Reimbursements	74	–
External restrictions – included in liabilities	9,659	6,641

External restrictions – other

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

Developer contributions – general	1,632	1,074
Developer contributions – water fund	6,838	6,309
Developer contributions – sewer fund	1,735	864
Specific purpose unexpended grants (recognised as revenue) – general fund	365	327
Water fund	15,353	14,866
Sewer fund	9,212	8,062
Domestic waste management	4,818	4,190
Stormwater Management	273	204
External restrictions – other	40,226	35,896
Total external restrictions	49,885	42,537

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		
Cash, cash equivalents and investments not subject to external restrictions	14,565	11,030
Less: Internally restricted cash, cash equivalents and investments	(11,291)	(9,340)
Unrestricted and unallocated cash, cash equivalents and investments	3,274	1,690

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

\$ '000	2022	2021
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	1,506	1,426
Employees leave entitlement	1,361	1,394
Council building reserve	85	408
Election	71	183
Environment rate unallocated	269	157
Land development	631	551
Lawn cemetery	7	7
Office Equipment	–	30
Other contributions	368	334
Swimming pool	74	74
Waste management	1,663	1,168
Unspent Financial Assistance Grant	2,840	2,133
Unexpended Loans - General Fund	2,342	1,336
Prepaid Development Application Fees	74	139
Total internal allocations	11,291	9,340

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		
Unrestricted and unallocated cash, cash equivalents and investments	3,274	1,690

C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	837	–	960	–
Interest and extra charges	61	–	57	–
User charges and fees	1,590	–	1,396	–
Accrued revenues				
– Interest on investments	337	–	252	–
General	242	–	387	–
Government grants and subsidies	795	–	15	–
Net GST receivable	546	–	288	–
Other	136	28	60	35
Total	4,544	28	3,415	35
Less: provision for impairment				
Rates and annual charges	(58)	–	(44)	–
Total provision for impairment – receivables	(58)	–	(44)	–
Total net receivables	4,486	28	3,371	35

C1-4 Receivables (continued)

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale	680	2,926	247	1,728
Stores and materials	802	–	769	–
Total inventories at cost	1,482	2,926	1,016	1,728
(ii) Inventories at net realisable value (NRV)				
Real estate for resale	–	3	–	3
Total inventories at net realisable value (NRV)	–	3	–	3
Total inventories	1,482	2,929	1,016	1,731

(i) Other disclosures

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(a) Details for real estate development				
Residential	680	368	–	368
Industrial/commercial	–	2,561	247	1,363
Total real estate for resale	680	2,929	247	1,731

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

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.

Real Estate held for resale/capitalisation of borrowing costs

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

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

C1-6 Contract assets and Contract cost assets

Contract assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Construction of General Fund Infrastructure (excluding Natural Disaster Funding)	2,445	–	1,648	–
Construction of Water Fund Infrastructure	95	–	292	–
Construction of Sewer Fund Infrastructure	83	–	144	–
General Fund - Natural Disaster Funding	707	–	900	–
Total contract assets	3,330	–	2,984	–

Significant changes in contract assets

- Local Roads Community Infrastructure Program Grants Phase 2 - Nambucca Heads Library & Cultural Precinct \$507k (Nil @ 30.6.21)

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period											At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Other movements- Adjustment through CY P & L	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000																	
Capital work in progress	2,414	–	2,414	4,614	2,011	–	–	–	–	(1,069)	–	–	–	–	7,970	–	7,970
Plant and equipment	15,679	(9,006)	6,673	673	769	–	(55)	(864)	–	–	–	275	–	–	16,361	(8,890)	7,471
Office equipment	827	(560)	267	8	179	–	(2)	(95)	–	–	–	–	–	–	742	(385)	357
Furniture and fittings	473	(429)	44	11	3	–	–	(7)	–	–	–	–	–	–	438	(387)	51
Land:																	
– Crown land	9,461	–	9,461	–	–	–	–	–	–	–	–	–	–	1,419	10,880	–	10,880
– Operational land	7,589	–	7,589	–	4	–	–	–	–	–	–	–	–	1,139	8,732	–	8,732
– Community land	9,085	–	9,085	–	100	–	–	–	–	–	–	–	–	1,378	10,563	–	10,563
– Land under roads (post 30/6/08)	112	–	112	–	11	–	–	–	–	–	–	7	–	–	130	–	130
Land improvements – non-depreciable	977	–	977	–	8	–	–	–	–	7	–	–	–	–	992	–	992
Infrastructure:																	
– Buildings – non-specialised	24,268	(8,740)	15,528	610	203	91	(274)	(357)	–	179	–	–	–	1,598	27,185	(9,607)	17,578
– Buildings – specialised	17,651	(3,956)	13,695	3	133	–	(2)	(208)	–	–	–	–	–	1,362	19,563	(4,580)	14,983
– Other structures	8,846	(3,685)	5,161	24	189	–	(16)	(539)	–	2	–	–	–	–	9,036	(4,215)	4,821
– Roads	154,906	(55,578)	99,328	1,710	2,105	–	(502)	(2,908)	(436)	298	–	163	–	998	159,662	(58,906)	100,756
– Bridges	41,943	(11,606)	30,337	1,958	–	–	(31)	(831)	–	371	–	–	–	18,335	69,736	(19,597)	50,139
– Footpaths	13,631	(3,770)	9,861	39	384	–	(21)	(165)	–	1	–	–	–	–	14,022	(3,923)	10,099
– Other road assets (including bulk earthworks)	2,090	(884)	1,206	–	230	–	–	(73)	–	29	–	–	–	1,798	6,045	(2,855)	3,190
– Bulk earthworks (non-depreciable)	43,926	–	43,926	–	232	–	(4)	–	–	–	–	48	–	–	44,202	–	44,202
– Stormwater drainage	57,945	(19,271)	38,674	39	1,639	–	(24)	(622)	–	–	–	–	–	5,877	68,452	(22,869)	45,583
– Water supply network	133,401	(45,717)	87,684	78	519	–	(13)	(1,704)	–	74	–	–	–	7,026	136,652	(42,988)	93,664
– Sewerage network	119,217	(43,465)	75,752	238	954	–	(163)	(1,843)	–	4	–	–	–	2,911	120,933	(43,080)	77,853
– Swimming pools	2,540	(1,111)	1,429	20	7	–	(14)	(65)	–	–	–	–	–	–	2,551	(1,174)	1,377
– Other open space/recreational assets	6,227	(1,583)	4,644	38	33	–	(25)	(207)	–	73	–	–	–	–	6,333	(1,777)	4,556
– Other infrastructure	24,212	(6,065)	18,147	261	210	–	(5)	(365)	–	31	–	–	–	1,586	26,479	(6,614)	19,865
Other assets:																	
– Heritage collections	120	(42)	78	–	–	–	–	(1)	–	–	–	–	–	–	120	(43)	77
– Library books	534	(267)	267	–	67	–	–	(89)	–	–	–	–	–	–	512	(267)	245
– Other	7	(2)	5	–	–	–	–	–	–	–	–	–	–	–	7	(2)	5
Reinstatement, rehabilitation and restoration assets (refer Note 12):																	
– Tip assets	482	(180)	302	–	–	–	–	(23)	–	–	136	–	(34)	–	617	(236)	381
Total infrastructure, property, plant and equipment	698,563	(215,917)	482,646	10,324	9,990	91	(1,151)	(10,966)	(436)	–	136	493	(34)	45,427	768,915	(232,395)	536,520

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

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period										At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Revaluation decrements (recognised in P/L)	Impairment reversal / prior period revaluation decrements reversal (via P&L)	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000																
Capital work in progress	2,541	—	2,541	1,166	949	—	—	—	—	—	(2,243)	—	—	2,414	—	2,414
Plant and equipment	14,698	(8,597)	6,101	1,087	367	(93)	(788)	—	—	—	—	—	—	15,679	(9,006)	6,673
Office equipment	810	(472)	338	4	14	(1)	(88)	—	—	—	—	—	—	827	(560)	267
Furniture and fittings	473	(421)	52	—	—	—	(9)	—	—	—	—	—	—	473	(429)	44
Land:																
– Operational land	7,373	—	7,373	—	—	—	—	—	—	—	—	216	—	7,589	—	7,589
– Community land	9,274	—	9,274	—	—	—	—	—	—	—	—	(216)	27	9,085	—	9,085
– Crown land	9,089	—	9,089	—	—	(90)	—	—	—	—	—	—	462	9,461	—	9,461
– Land under roads (post 30/6/08)	93	—	93	—	20	(1)	—	—	—	—	—	—	—	112	—	112
Land improvements – non-depreciable	669	—	669	—	303	—	—	—	—	—	2	—	1	977	—	977
Land improvements – depreciable	249	(35)	214	—	—	—	(2)	(212)	—	—	—	—	—	—	—	—
Infrastructure:																
– Buildings – non-specialised	23,879	(8,306)	15,573	15	386	(10)	(347)	—	—	(91)	1	—	—	24,268	(8,740)	15,528
– Buildings – specialised	17,284	(3,709)	13,575	130	177	(42)	(205)	—	—	—	—	60	—	17,651	(3,956)	13,695
– Other structures	12,381	(7,487)	4,894	28	281	—	(522)	—	—	—	263	(99)	316	8,846	(3,685)	5,161
– Roads	151,893	(53,688)	98,205	2,151	2,203	(595)	(2,876)	—	—	(12)	256	—	—	154,906	(55,578)	99,328
– Bridges	40,589	(11,111)	29,478	487	185	(4)	(683)	—	—	—	874	—	—	41,943	(11,606)	30,337
– Footpaths	12,296	(3,633)	8,663	55	839	(22)	(153)	—	—	—	479	—	—	13,631	(3,770)	9,861
– Other road assets (including bulk earthworks)	2,041	(807)	1,234	6	44	—	(76)	—	—	—	—	—	—	2,090	(884)	1,206
– Bulk earthworks (non-depreciable)	43,629	—	43,629	—	298	(2)	—	—	—	—	—	—	—	43,926	—	43,926
– Stormwater drainage	57,055	(18,663)	38,392	32	819	(18)	(610)	—	—	—	—	58	—	57,945	(19,271)	38,674
– Water supply network	131,744	(43,752)	87,992	155	438	(32)	(1,663)	—	—	—	—	—	795	133,401	(45,717)	87,684
– Sewerage network	117,875	(41,476)	76,399	262	342	(174)	(1,814)	—	—	—	49	—	687	119,217	(43,465)	75,752
– Swimming pools	2,279	(1,278)	1,001	10	323	(9)	(44)	—	85	—	—	—	63	2,540	(1,111)	1,429
– Other open space/recreational assets	5,956	(2,428)	3,528	108	516	(69)	(184)	—	—	—	47	(19)	717	6,227	(1,583)	4,644
– Other infrastructure	20,791	(3,283)	17,508	17	384	(101)	(342)	—	—	—	272	—	410	24,212	(6,065)	18,147
Other assets:																
– Heritage collections	120	(41)	79	—	—	—	(1)	—	—	—	—	—	—	120	(42)	78
– Library books	530	(266)	264	—	92	—	(89)	—	—	—	—	—	—	534	(267)	267
– Other	7	(2)	5	—	—	—	—	—	—	—	—	—	—	7	(2)	5
Reinstatement, rehabilitation and restoration assets (refer Note 12):																
– Tip assets	489	(156)	333	—	—	—	(24)	—	—	—	—	(8)	—	482	(180)	302
Total infrastructure, property, plant and equipment	686,107	(209,611)	476,496	5,713	8,980	(1,263)	(10,520)	(212)	85	(103)	—	(8)	3,478	698,563	(215,917)	482,646

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

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

Accounting policy

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

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

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

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

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

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

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

Plant and equipment	Years	Other Structures	Years
Office equipment	2 to 15	Fences	15 to 40
Office furniture	10 to 20	Lighting	10 to 30
Computer Equipment	4	Solar Waste Bins	10
Vehicles	3 to 5	Railing	15 to 30
Heavy plant/road making equipment	5 to 20	Other	8 to 100
Other plant and equipment	3 to 30		
		Stormwater assets	
Water and sewer assets		Drains/Pits	70 to 106
Sewer - Rising Mains	70 to 79	Culverts	80 to 106
Sewer -Gravity Mains	71 to 89	Pipes	60 to 106
Sewer Manholes	85		
Sewer Pumps & Telemetry,switchboards, valve pits	10 to 100	Buildings	
Sewer Treatment Plant	14 to 133	Buildings: Specialised	10 to 142
Water Reticulation Mains	25 to 100	Buildings: Non Specialised	17 to 142
Water Trunk Mains	32 to 100		
Water Reservoirs - Dams	20 to 129	Other infrastructure assets	
Water Treatment Plant	15 to 100	Swimming pools	10 to 99
Water Bores	20 to 70	Other open space/recreational assets	10 to 85
Water Pump Station	20 to 100	Other infrastructure	15 to 100
		Other Assets	5 to 100
Transportation assets		Tip - Quarry Assets	8 to 34
Sealed roads: surface	20 to 66		
Sealed roads: structure	20 to 120		
Sealed Roads - Subpavement	60 to 180		
Unsealed roads	20 to 25		
Bridge: concrete	50 to 100		
Bridge: other	33 to 80		
Kerb, gutter and footpaths	10 to 120		
Bulk earthworks	Infinite		
Other Road Assets	20 to 100		

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

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

Crown reserves

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

Where the Crown reserves are under a lease arrangement they are accounted for under ASSB 16 Leases.

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

Rural Fire Service assets

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

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

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	616	616
Accumulated amortisation	(517)	(434)
Net book value – opening balance	99	182
Movements for the year		
Amortisation charges	(40)	(83)
Closing values at 30 June		
Gross book value	560	616
Accumulated amortisation	(501)	(517)
Total software – net book value	59	99
Other		
Land Easement - Water Storage Dam		
Opening values at 1 July		
Gross book value	406	279
Net book value – opening balance	406	279
Purchases	–	127
Closing values at 30 June		
Gross book value	406	406
Total Land Easement - Water Storage Dam – net book value	406	406
Total intangible assets – net book value	465	505

Accounting policy

IT development and software

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

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Land Easement - Water Storage Dam

These are recognised at cost. The assets are periodically reviewed and are considered to have an indefinite life.

C1-9 Other

Other assets

C1-9 Other (continued)

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	<u>73</u>	<u>–</u>	<u>121</u>	<u>–</u>
Total other assets	<u>73</u>	<u>–</u>	<u>121</u>	<u>–</u>

C2 Liabilities of Council

C2-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepaid rates	758	–	652	–
Prepaid User Charges	107	–	97	–
Goods and services	3,031	–	1,283	–
Accrued expenses:				
– Borrowings	271	–	273	–
– Salaries and wages	340	–	324	–
– Other expenditure accruals	31	–	26	–
Security bonds, deposits and retentions	372	1,172	764	379
Other	12	–	11	–
Total payables	4,922	1,172	3,430	379

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

Nil

Accounting policy

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

Payables

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

C2-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Unexpended capital grants (to construct Council controlled assets)	(i)	5,751	–	4,398	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,791	–	388	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	70	–	136	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	500	–	500	–
Other-User fees and charges	(iii)	263	–	379	–
Total contract liabilities		8,375	–	5,801	–

Notes

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

(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) Upfront user charges and fees received are recorded as a contract liability on receipt and recognised as revenue over the expected life of the contract.

C2-2 Contract Liabilities (continued)

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

\$ '000	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,774	1,052
Operating grants (received prior to performance obligation being satisfied)	261	186
Capital contributions (to construct Council controlled assets)	66	202
User Fees & Charges	85	31
Total revenue recognised that was included in the contract liability balance at the beginning of the period	3,186	1,471

Significant changes in contract liabilities

Grant Funding received in advance:

- Local Road Community Infrastructure Program Phase 3 Grants \$864,000 (nil @ 30.6.21)
- Fixing Country Bridges Round 1 Grants \$1,216,000 (\$463,000 @ 30.6.21)

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.

C2-3 Borrowings

	2022 Current	2022 Non-current	2021 Current	2021 Non-current
\$ '000				
Loans – secured ¹	2,188	36,341	2,103	36,728
Total borrowings	2,188	36,341	2,103	36,728

(1) Loans are secured over the general rating income of Council. Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1.1.

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

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

C2-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2021		Non-cash movements				2022
	Opening Balance	Cash outflows	Cash inflows	Non-cash fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	38,831	(2,102)	1,800	–	–	–	38,529
Total liabilities from financing activities	38,831	(2,102)	1,800	–	–	–	38,529

	2020		Non-cash movements				2021
	Opening Balance	Cash outflows	Cash inflows	Non-cash fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	39,676	(1,945)	1,100	–	–	–	38,831
Total liabilities from financing activities	39,676	(1,945)	1,100	–	–	–	38,831

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Credit cards/purchase cards	110	107
Total financing arrangements	110	107
Undrawn facilities		
– Credit cards/purchase cards	110	107
Total undrawn financing arrangements	110	107

Additional financing arrangements information

Breaches and defaults

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

Accounting policy

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

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

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C2-4 Employee benefit provisions

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	896	–	952	–
Sick leave	453	–	504	–
Long service leave	2,089	128	2,281	106
Other leave	173	–	169	–
Total employee benefit provisions	3,611	128	3,906	106

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	1,887	2,620
	1,887	2,620

Description of and movements in non-employee benefit provisions

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C2-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,250	–	1,045
Sub-total – asset remediation/restoration	–	1,250	–	1,045
Total provisions	–	1,250	–	1,045

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

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

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2022		
At beginning of year	1,045	1,045
Other	205	205
Total other provisions at end of year	1,250	1,250
2021		
At beginning of year	1,094	1,094
Unwinding of discount	8	8
Remeasurement effects	(57)	(57)
Total other provisions at end of year	1,045	1,045

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, the removal of residual materials and remediation of disturbed areas, and EPA post closure monitoring for Council's landfill asset. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

C2-5 Provisions (continued)

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in the volume of waste to landfill. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	17,032	1,078	4,093
User charges and fees	3,299	3,660	843
Interest and investment income	415	131	74
Other revenues	710	228	367
Grants and contributions provided for operating purposes	10,737	84	75
Grants and contributions provided for capital purposes	14,818	2,258	2,143
Other income	144	77	9
Total income from continuing operations	47,155	7,516	7,604
Expenses from continuing operations			
Employee benefits and on-costs	8,482	1,622	1,964
Materials and services	11,598	1,138	1,801
Borrowing costs	773	1,378	150
Depreciation, amortisation and impairment of non-financial assets	7,146	1,790	1,963
Other expenses	2,886	180	—
Net losses from the disposal of assets	892	13	158
Total expenses from continuing operations	31,777	6,121	6,036
Operating result from continuing operations	15,378	1,395	1,568
Net operating result for the year	15,378	1,395	1,568
Net operating result attributable to each council fund	15,378	1,395	1,568
Net operating result for the year before grants and contributions provided for capital purposes	560	(863)	(575)

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	5,000	1,000	1,838
Investments	1,168	8,829	5,612
Receivables	2,873	1,284	372
Inventories	1,454	28	—
Contract assets and contract cost assets	3,152	95	83
Other	73	—	—
Total current assets	13,720	11,236	7,905
Non-current assets			
Investments	24,836	12,532	3,635
Receivables	28	—	148
Inventories	2,929	—	—
Infrastructure, property, plant and equipment	353,515	99,390	83,615
Intangible assets	59	406	—
Total non-current assets	381,367	112,328	87,398
Total assets	395,087	123,564	95,303
LIABILITIES			
Current liabilities			
Payables	4,671	193	58
Contract liabilities	8,067	170	138
Borrowings	1,633	517	81
Employee benefit provision	3,611	—	—
Total current liabilities	17,982	880	277
Non-current liabilities			
Payables	1,172	—	—
Borrowings	13,575	20,639	2,275
Employee benefit provision	128	—	—
Provisions	1,250	—	—
Total non-current liabilities	16,125	20,639	2,275
Total liabilities	34,107	21,519	2,552
Net assets	360,980	102,045	92,751
EQUITY			
Accumulated surplus	239,565	66,050	61,055
Revaluation reserves	121,415	35,995	31,696
Council equity interest	360,980	102,045	92,751
Total equity	360,980	102,045	92,751

D1-3 Details of internal loans

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

Details of individual internal loans	Council ID / Ref
Borrower (by purpose)	Bridges
Lender (by purpose)	Sewer
Date of Minister's approval	30/06/2006
Date raised	30/06/2006
Term years	20
Dates of maturity	30/06/2026
Rate of interest (%)	6.50%
Amount originally raised (\$'000)	615
Total repaid during year (principal and interest) (\$'000)	41
Principal outstanding at end of year (\$'000)	191

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.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2022	Carrying value 2021	Fair value 2022	Fair value 2021
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	7,838	11,275	7,838	11,275
Receivables	4,514	3,406	4,514	3,590
Investments				
– Debt securities at amortised cost	43,553	32,450	43,553	32,450
Fair value through profit and loss				
Investments				
– Held for trading	13,059	9,842	13,059	9,842
Total financial assets	68,964	56,973	68,964	57,157
Financial liabilities				
Payables	6,094	3,809	6,094	3,874
Loans/advances	38,529	38,831	38,529	49,682
Total financial liabilities	44,623	42,640	44,623	53,556

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 mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified '**at fair value through profit and loss**' are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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 with the assistance of independent advisors.

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there 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.

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

- **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.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	607	503
Impact of a 10% movement in price of investments		
– Equity / Income Statement	1,306	984

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

(b) Credit risk

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2022				
Gross carrying amount	–	801	36	837
2021				
Gross carrying amount	–	932	28	960

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts			Total
			30- 60 days	60 - 90 days	> 90 days	
2022						
Gross carrying amount	6,309	576	38	5	137	7,065
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2021						
Gross carrying amount	3,982	1,347	9	133	3	5,474
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	1,544	4,550	–	–	6,094	6,094
Borrowings	5.85%	–	4,378	15,746	35,477	55,601	38,529
Total financial liabilities		1,544	8,928	15,746	35,477	61,695	44,623
2021							
Payables	0.00%	1,143	2,666	–	–	3,809	3,809
Borrowings	5.95%	–	4,352	15,825	37,260	57,437	38,831
Total financial liabilities		1,143	7,018	15,825	37,260	61,246	42,640

Loan agreement breaches

There are no breaches to loan agreements during the reporting year.

Nambucca Valley Council measures the following assets and liabilities at fair value on a recurring basis.

- Infrastructure, property, plant and equipment
- Financial assets

Fair value hierarchy

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	Unobservable inputs for the asset or liability

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

2022 Recurring fair value measurement	Date of last Comprehensive valuation	Note #	Fair value measurement hierarchy			
			Level 1 Quoted Prices in active Markets (\$'000)	Level 2 Significant observable inputs (\$'000)	Level 3 Significant unobservable inputs (\$'000)	Total (\$'000)
Financial assets						
Investment		C1-2				
Designated at Fair Value on initial recognition or held for trading (AASB9)			13,059	-	-	13,059
Total Financial Assets			13,059	-	-	13,059
Infrastructure, property, plant & equipment		C1-7				
Plant, equipment, furniture and fittings	-		-	-	7,879	7,879
Operational Land	30/6/18		-	8,732	-	8,732
Community Land	31/01/21		-	-	10,563	10,563
Crown Land	31/01/21		-	-	10,880	10,880
Land Under Roads *	31/3/19		-	-	130	130
Land Improvements – Depreciable	31/12/20		-	-	-	-
Land Improvements – Non Depreciable	31/12/20		-	-	992	992
Buildings	30/6/18		-	-	32,561	32,561
Other Structures	31/12/20		-	-	4,821	4,821
Roads, Bridges Footpaths	31/3/20		-	-	160,994	160,994
Bulk Earthworks	31/3/20		-	-	44,202	44,202
Stormwater Drainage	31/3/20		-	-	45,583	45,583
Other Road Assets	31/3/20		-	-	3,190	3,190
Water Supply Network	31/12/21		-	-	93,664	93,664
Sewerage Network	31/12/21		-	-	77,853	77,853
Swimming Pools	31/12/20		-	-	1,377	1,377

2022 Recurring Fair Value Measurement	Date of Last Comprehensive valuation	Note #	Fair value measurement hierarchy			
			Level 1 Quoted Prices in Active Markets (\$'000)	Level 2 Significant Observable Inputs (\$'000)	Level 3 Significant Unobservable Inputs (\$'000)	Total (\$'000)
Other Open Space/Recreational Assets	31/12/20		-	-	4,556	4,556
Other Infrastructure	31/12/20		-	-	19,865	19,865
Heritage Collections	-		-	-	77	77
Other	-		-	-	250	250
Tip Remediation	30/6/20		-	-	381	381
Total Infrastructure, Property, Plant & Equipment				8,732	519,818	528,550

Note that capital WIP is not included above since it is carried at cost

2021						
Financial assets						
Investment		C1-2				
Designated at Fair Value on initial recognition or held for trading (AASB139)			9,842	-	-	9,842
Total Financial Assets			9,842	-	-	9,842
Infrastructure, property, plant & equipment		C1-7				
Plant, equipment, furniture and fittings	-		-	-	6,984	6,984
Operational Land	30/6/18		-	7,589	-	7,589
Community Land	31/01/21		-	-	9,085	9,085
Crown Land	31/01/21		-	-	9,461	9,461
Land Under Roads *	31/3/19		-	-	112	112
Land Improvements – Depreciable	31/12/20		-	-	-	-
Land Improvements – Non Depreciable	31/12/20		-	-	977	977
Buildings	30/6/18		-	-	29,223	29,223
Other Structures	31/12/20		-	-	5,161	5,161
Roads, Bridges Footpaths	31/3/20		-	-	139,526	139,526
Bulk Earthworks	31/3/20		-	-	43,926	43,926
Stormwater Drainage	31/3/20		-	-	38,674	38,674
Other Road Assets	31/3/20		-	-	1,206	1,206
Water Supply Network	30/6/17		-	-	87,684	87,684
Sewerage Network	30/6/17		-	-	75,752	75,752
Swimming Pools	31/12/20		-	-	1,429	1,429
Other Open Space/Recreational Assets	31/12/20		-	-	4,644	4,644

2021 Recurring Fair Value Measurement	Date of Last Comprehensive valuation	Note #	Fair value measurement hierarchy			
			Level 1 Quoted Prices in Active Markets (\$'000)	Level 2 Significant Observable Inputs (\$'000)	Level 3 Significant Unobservable Inputs (\$'000)	Total (\$'000)
Other Infrastructure	31/12/20		-	-	18,147	18,147
Heritage Collections	-		-	-	78	78
Other	-		-	-	272	272
Tip Remediation	30/6/20		-	-	302	302
Total Infrastructure, Property, Plant & Equipment			-	7,589	472,643	480,232

Note that capital WIP is not included above since it is carried at cost

(2) Transfers between level 1 and level 2 fair value hierarchies

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

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. 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

Plant, Equipment, Furniture, Fittings and Office Equipment

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

Plant and Equipment	Graders, trucks, rollers, tractors and motor vehicles.
Office Equipment	Computers, photocopiers.
Furniture & Fittings	Chairs, desks and display boards.

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

Operational Land

Council's Operational Land was valued at Market Value (highest and best use) by APV in 2018 after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to zoning, topography, location, size, access, exposure to traffic and business. Condition of asset, future cash flow from the use of the land is also considered when determining the fair value. As such these assets were all classified as having been valued using Level 2 valuation inputs.

A desktop valuation for Operational Land was completed by Council and peer reviewed by APV Valuers in 2021/2022 due to an increase in land values.

Community Land and Crown Land

Community Land and Crown Land are based on either the Land Value provided by the Valuer General's unimproved capital value or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. As these rates were not considered to be observable market evidence they have been classified a Level 3. There has been no change to the valuation process during the reporting period. Community and Crown Land were valued in 2020/2021.

A desktop valuation for Community Land and Crown Land was completed by Council and peer reviewed by APV Valuers in 2021/2022 due to an increase in land values.

Buildings – Non Specialised and Specialised

Buildings were revalued by APV in 2017/2018 using the cost approach. The approach estimated the replacement cost for each building by componentising the building into significant parts with different useful lives and taking into account a range of factors such as asset condition, pattern of consumption and estimated remaining useful lives. While all buildings were physically inspected, inputs such as pattern of consumption, long life, short life components, useful lives and asset condition required extensive professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

A desktop valuation was completed by Council and peer reviewed by APV Valuers in 2021/2022 due to an increase in unit rates.

Roads (including Bulk Earth Works), Bridges, Footpaths and Other Road Assets

Valuations for these asset classes were undertaken in-house by Council's Engineering Department as at 31 March 2020.

The assets included in this valuation include road carriageway (which has been separated to its component parts being pavement, sub pavement and where appropriate seal), car parks, footpaths, guardrails, kerb and gutter, bridges, bus shelters and other road assets.

Limited based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. The estimated replacement cost was determined using unit rates applied to square metre areas or similar appropriate units. Whilst this cost approach utilised industry standard unit rates it also relied upon inputs such as asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Bulk earthworks, in accordance with the accounting standards, are considered to have an indefinite useful life and are not depreciated.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

A desktop valuation for Roads, Bridges and Other Road Assets was completed by Council and peer reviewed by APV Valuers in 2021/2022 due to an increase in unit rates.

Stormwater

The Stormwater Drainage asset class consists of Council's pits, pipes, and culverts. This valuation was undertaken in-house by Council's Engineering Department as at 31 March 2020.

Limited market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. The estimated replacement/renewal cost was determined using unit rates applied to lineal metre of pipe or similar appropriate units. Whilst this cost approach utilised industry standard unit rates it also relied upon inputs such as asset age, environmental factors (freshwater/tidal/urban/rural), dimensions, materials and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

A desktop valuation was completed by Council and peer reviewed by APV Valuers in 2021/2022 due to an increase in unit rates.

Land under Roads (post 30/6/08)

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 1st July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment. The class was revalued in 2018/2019 using the Englobo methodology. The Englobo methodology is one of 3 methods available to use in accordance with the fair valuation policy as per the Office of Local Government guidance for Infrastructure, property, plant and equipment valuations. This asset class is classified as Level 3 as significant inputs used in the Englobo valuation methodology are unobservable.

Water Supply Network

Assets in this class comprise reservoirs, pumping stations, water treatment works, water bores, rising mains and the reticulation network.

A comprehensive revaluation was carried out by Council and peer reviewed by APV Valuers in 2021/2022.

No market-based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, condition, maintenance and break history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Planning, Industry and Environment except the years the class is the subject of a full revaluation.

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

Sewerage Network

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

A comprehensive revaluation was carried out by Council and peer reviewed by APV Valuers in 2021/2022.

No market-based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, and maintenance and blockage history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Planning, Industry and Environment except the years when the class is the subject of a full revaluation.

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

Other Structures (including Open Space/Recreational Assets/Other Infrastructure & Swimming Pools)

Assets within this class comprise soft fall surfaces, lighting, playground and sporting equipment, swimming pools, retaining walls, boardwalks, jetties, ramps, landslips plus auxiliary structures. All assets in this class were valued by an external valuer (APV) in 2020/2021.

Specialised assets such as all of the Other Structures were valued using the cost approach using APV who are professionally qualified Registered Valuers. The approach estimated the replacement cost for each asset by componentising the asset into significant parts with useful lives and taking into account a range of factors. While the unit rates based on price per asset could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

A desktop valuation for Other Infrastructure assets was completed by Council and peer reviewed by APV Valuers in 2021/2022 due to an increase in unit rates.

Heritage Collections

Assets in this class are valued at cost but are disclosed at fair value in the notes. Council holds these assets for their cultural value within the community. These assets do have a market among collectors and market evidence (Level 2 input) is available, however this information is often limited to similar items and often relate to assets that are not directly comparable. This asset class has therefore been categorised as level 3 unobserved inputs.

Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

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

Tip Assets – (Landfill Remediation)

This asset class represents the value of works to remediate the Nambucca Landfill under the terms of the facility's licence. The future service potential of the asset is to enable Nambucca Valley Council to comply with the life-cycle responsibilities of the land fill operation. There is no market for the asset and it is therefore classed as having a level 3 fair value with unobserved inputs, principally cost, legislative requirements, estimated timing of expense, CPI and discount rules. Council engaged consultants to review the costs associated with undertaking rehabilitation works for the future landfill cells at the Nambucca Waste Management Facility in 2021/2022. The remediation includes post closure monitoring. This class was revalued at 30/6/20. The best and highest use for the asset is unique to Nambucca Valley Council as the Licence holder.

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

	Note	2022 \$'000	2021 \$'000
Balance at 1 July opening balance		472,643	446,582
Total gains or losses for the year			
Recognised in profit or loss – realised	B4-1	62	32
Recognised in profit or loss - unrealised	B2-3	493	85
Recognised in profit or loss – unrealised	B3-4	0	(212)
Recognised in other comprehensive income-Revaluation Surplus		44,254	3,478
Other movements			
Purchases	C1-7	13,685	12,578
Purchases – Work in Progress Transfer	C1-7	1,069	2,243
Disposals	B4-1	(1,213)	(1,296)
Depreciation	B3-4	(10,966)	(10,520)
Impairment	B3-4	(436)	(103)
Reinstatement Costs for Impaired assets	C1-7	91	(216)
Transfers from Level 2 FV hierarchy		0	0
Tip Remediation Adjustment	C1-7	136	(8)
Balance as at 30 June closing balance		519,818	472,643

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

CLASS	FAIR VALUE 30/6/22 (\$'000)	VALUATION TECHNIQUE/S	UNOBSERVABLE INPUTS
Plant, Equipment, Furniture and Fittings	7,879	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life, and residual value
Community Land & Crown Land	21,443	Land Values obtained from NSW Valuer General	Land value, land area
Land Under Roads	130	Englobo Method	Unit rate for Land Value, discount rate of 90% applied.
Land Improvements	992	Cost approach	Current replacement cost of modern equivalent asset. Asset condition, Remaining lives
Buildings – Specialised & Non Specialised	32,561	Cost Approach	<p>Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value</p> <p>Rates per m² varied from:</p> <p>Community Centres - \$1,605.85 to \$3,910.88</p> <p>Council Chambers - \$2,064.53</p> <p>Emergency Services - \$623.33 to \$1,762</p> <p>Engineering & Works - \$594.87 to \$2,184.72</p> <p>Fire Protection - \$713.75 to \$2,081.09</p> <p>Museums - \$517.30 to \$2,865.50</p> <p>Other Community Services - \$432.83 to \$1,690.52</p> <p>Other Cultural Services - \$564.78 to \$2,725.14</p> <p>Public Conveniences - \$1,422.65 to \$4,638.86</p> <p>Public Halls - \$412.50 to \$3,430.76</p> <p>Public Libraries - \$1,128.65 to \$3,155.98</p> <p>Sewerage Services - \$616 to \$2,602.70</p> <p>Sporting Grounds - \$682.60 to \$3,002.64</p> <p>Swimming Pools - \$1,596.77 to \$3,830.05</p> <p>Tourism - \$1,854.65</p> <p>Waste Management - \$587.50 to \$779.41</p> <p>Water Supplies - \$512.92 to \$4,692.19</p>
Other Structures	4,821	Cost Approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Roads	100,756	Cost Approach	<p>Asset condition, remaining lives using componentisation</p> <p>Unit rates per m² varied from \$5.30 to \$151.50</p>

CLASS	FAIR VALUE 30/6/22 (\$'000)	VALUATION TECHNIQUE/S	UNOBSERVABLE INPUTS
Bridges	50,139	Cost Approach	Asset condition, remaining lives using componentisation Unit rates per m ² varied from \$2,265 to \$6,869
Footpaths	10,099	Cost Approach	Asset condition, remaining lives using componentisation Unit rates per m ² varied from \$5.25 to \$110
Bulk Earthworks	44,202	Cost Approach	Asset condition Unit rates per m ² varied from \$6.84 to \$9.36
Other Road Assets	3,190	Cost Approach	Asset condition, remaining lives Unit rates: Bus Shelters - \$8,000, Guard Rail \$467.28/m
Stormwater Drainage	45,583	Cost Approach	Asset Condition, remaining lives Unit rates: Pipes - \$84.80 to \$2,088, Pits \$465.05 to \$72,890.62, Culverts - \$199.52 to \$11,557.20
Water Supply Network	93,664	Industry Cost Indexes, Council and contractor construction rates	Asset condition, remaining lives using componentisation Unit rates varied from: Reticulation - \$45.23 to \$1,958.91/m Mains - \$218.08 to \$9,682.47/m
Sewerage Network	77,853	Industry Cost Indexes, Council and contractor construction rates	Asset condition, remaining lives using componentisation Unit rates varied from: Gravity Mains - \$169.27 to \$1,063.33/m Pressure Mains - \$68.59 to \$740.77/m
Swimming Pools	1,377	Industry Cost Indexes, Council and contractor construction rates	Asset condition, remaining lives
Other Open Space/Recreational Assets	4,556	Cost Approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Other Infrastructure	19,865	Council and contractor construction rates	Asset condition and remaining lives using componentisation
Heritage Collections	77	Cost Approach used to approximate fair value	Current replacement cost of modern equivalent asset, asset condition, pattern of consumption effecting the remaining useful life
Library Books	245	Cost Approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives residual value
Other	5	Cost Approach	Current replacement cost of modern equivalent asset, asset condition, pattern of consumption effecting the remaining useful life
Tip Remediation	381	Cost Approach	Environmental legislation, timing of expected cash outflows, asset condition

Transfers from Level 3 to Level 2

Asset/Liability	\$',000
	0

(5) Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

(a) Description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

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 standard employer contribution rates are:

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40 million for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January to 31 December 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

(c) a description of any agreed allocation of a deficit or surplus on:

(i) wind up of the plan

E3-1 Contingencies (continued)

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

(ii) *the Council's withdrawal from the plan*

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

(d) *Given the Council's accounts for that plan as if it were a defined contribution plan in accordance with Paragraph 34, the following information:*

(i) *the fact that the plan is a defined benefit plan,*

We confirm the plan is a defined benefit plan.

(ii) *the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.*

(iii) *the expected contributions to the plan for the next annual reporting period.*

Council's expected contribution to the fund for the next annual reporting period is \$111,424.44.

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 \$ 136,649.16. The last formal valuation of the Scheme was undertaken by the Fund Actuary, Mr. Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$71,275.56.

(iv) *information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the Council.*

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

Defined Benefit 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 other accumulation accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$71,275.56 as at 30 June 2022.

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

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.

(v) *an indication of the level of participation of the entity in the plan compared with other participating entities.*

An employer's past service contribution per annum (\$71,275.56) as a percentage of the total past service contributions for all Pooled Employers (of \$40m for each year from 1 July 2019 to 30 December 2021 and \$20m for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub group.

(ii) Statewide Limited

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

E3-1 Contingencies (continued)

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other contingent liabilities

(i) Third party claims

From time to time the Council receives various legal claims incidental to the ordinary course of its business including negligence claims for damages relating to its services. Council believes that it is appropriately covered for all claims through insurance coverage and does not expect any material liabilities to eventuate.

(ii) Grants Programs requiring Council Co-Contributions or Financial Undertakings

The financial year 2021/2022 saw a continuation of an extraordinary level of Federal and State stimulus grant funding for capital projects. As welcome as this funding is to enhance the Council's financial sustainability, it does carry risk in that the Council is generally required to finance any budget shortfall for the individual projects. In a period which is seeing equally extraordinary price increases for building materials and contract labour the Council is already experiencing budget overruns on some of these projects. The Council will try to manage these overruns by seeking funding variations; using future grant programs to shift internal financing; and finally through borrowing.

(iii) Stormwater Drain, Yarrawonga Street Catchment, Macksville

A stormwater drain was constructed by or on behalf of developers Buldev to service an extension of the Macksville industrial estate. The drain was ineffective and also caused instability in the adjoining railway embankment. The Council refused to accept the drain as a drainage easement and subsequently the developer Buldev went into liquidation. Council engaged the engineering consultancy SMEC Australia to provide a plan and estimated cost for the provision of an operable drain. On 28 May 2020 the Council resolved to lobby the NSW and Federal Governments for \$5.76 million to construct the drain as per the SMEC Australia design. There was a request put to the Deputy Prime Minister and Member for Cowper on 15 July 2020 for this funding.

The Federal Government denied Council's funding request. The Council also made representations to the Australian Rail Track Corporation (ARTC) who have responsibility for the railway line and the embankment. ARTC advised they did not identify any immediate risk or requirement for action in relation to the stability of the railway embankment. The geotechnical advice that Council received indicated that expensive drainage work is required to both minimise flooding in the adjacent industrial area and to maintain the stability of the railway embankment.

(iv) Sewerage discharges

EPA has advised Council they intend to impose a further Pollution Reduction Program on Council in response to sewage surcharges during periods of heavy rainfall over the 2020/21 summer into the Nambucca River as a result of numerous representations by Nambucca River oyster growers to the EPA.

E3-1 Contingencies (continued)

A storm related sewage surcharge prevents the oyster industry from harvesting for 21 days following the event and damages to their turnover, particularly around busy seasons like Easter and Christmas.

Council staff are now inspecting all property connections in Kings Point and Macksville CBD to detect cross connections of stormwater to the reticulated sewage system. The properties being inspected contribute flow to pump stations that are known to have surcharge issues in their catchments during storm events. To date no major cross connection of stormwater to sewer has been found but not all the problem catchments have been fully covered.

However Council has found and eliminated a number of infiltration locations within the pipe system and will carry out further works in this regard. Council is continuing to work with the EPA and Department of Planning and Environment (DPE) to try and come up with options that will reduce the frequency of sewage overflows during storm events.

If the inspection program is unsuccessful in diverting significant stormwater out of the sewage system and surcharges persist then it is unknown as to what further action the EPA will take.

If Council has to increase capacity at pump stations and/or divert storm flows to a temporary holding dam then that work will incur a significant cost.

(v) Payroll Tax liability

Council has payroll tax liability to be paid at year ended 30 June 2022. Council is liable for payroll tax for its water, sewer and cemetery operations with an estimated minimum liability over the last 5 years of \$125k (this amount is calculated based on budgeted water and sewer salaries and wages and superannuation and does not include cemetery operations/indirect costs/general interest charges on the outstanding liability).

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

Council's revenue recognition policy for such income is to account for it as revenue on receipt. Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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

(iii) Hand over of former Pacific Highway (Giinagay Way)

The former NSW Roads and Maritime Services (RMS) now Transport for NSW (TfNSW) announced their intention to transfer the ownership and responsibility for the former Pacific Highway (now Giinagay Way) to Nambucca Valley Council.

Based on asset data provided by the RMS the asset transfer value for Council comprised 24 bridges valued at \$52 million and 32 kilometres of road valued at \$182 million. These assets generate a depreciation expense of approximately \$3 million per annum.

The Council engaged engineering consultants and utilised its own staff over a period of approximately 3 years to assess the condition of the assets proposed to be handed over and reach agreement with the then RMS on a compensation arrangement for the on-going maintenance of the road and bridges.

Agreement was reached that the RMS would retain responsibility for the major bridges; that the road would be a designated regional road providing on-going maintenance funding; and thirdly that the RMS would provide a compensation package equivalent to the scheduled maintenance for the road for the following 10 years. The Council was close to finalising agreement with the RMS when the NSW Government announced it would retain responsibility for the whole road corridor as a State asset.

Then in early 2020 TfNSW advised of their intention to transfer responsibility for the road to Council. At about the same time the NSW Government announced its intention to undertake a Regional Road Transfer and Road Classification Review and that the future of the former Pacific Highway would be considered as part of this review. On 14 August 2020 the Council made a submission to the Review seeking priority for the endorsement of the previously negotiated outcome.

E3-1 Contingencies (continued)

The NSW Government released the Independent Panel's Interim Report (dated February 2021) into road classification and the transfer of regional roads to state ownership, including recommendations for the Priority Round of transfers and reclassifications on Tuesday 21 September 2021.

The Independent Expert Panel's interim report identified the most urgent of roads for priority transfer, and sets an evidence-based roadmap for the main round, which will open on 27 September 2021 with all NSW councils being invited to submit proposals for reclassifications in the main round.

The Old Pacific Highway ownership that traverses through Nambucca Valley Council local government area is not included in NSW Government's Interim Report. In June 2022, Transport for NSW were advised that the Council considers that management of the Old Pacific Highway was transferred to the State, with road infrastructure remaining with the State Government. Future consideration should be given by Council to facilitate maintenance through Road Maintenance Council Contracts ('RMCC') arrangements.

(iv) Declared Natural Disaster Events and Funding Arrangements

Council received approval/funds/grants for repairs and remediation works that have commenced in the 2021/2022 financial year. The 2021/22 financial year included a further declared Natural Disaster with a corresponding assistance scheme. Further submissions for funding and planned scheduled works have evolved to add to the previous repairs and remediations.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	1,134	903
Post-employment benefits	97	96
Total	1,231	999

Other transactions with KMP and their related parties

In 2021/22 and 2020/21 other transactions with KMP's and their related parties existed but were determined to be a low dollar value and therefore insignificant in size.

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	27	27
Councillors' fees	95	85
Other Councillors' expenses (including Mayor)	34	28
Total	156	140

F1-3 Other related parties

Council has no other related party transactions

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 and related practices.		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	59	61
Remuneration for audit and other assurance services	59	61
Total Auditor-General remuneration	59	61
Total audit fees	59	61

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2022	2021
Net operating result from Income Statement	18,341	11,085
Add / (less) non-cash items:		
Depreciation and amortisation	10,899	10,470
(Gain) / loss on disposal of assets	1,063	(274)
Non-cash capital grants and contributions	(6,241)	(3,957)
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L	–	(85)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	117	(54)
– Revaluation decrements / impairments of IPP&E direct to P&L	–	212
Unwinding of discount rates on reinstatement provisions	–	8
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,122)	114
Increase / (decrease) in provision for impairment of receivables	14	9
(Increase) / decrease of inventories	(33)	259
(Increase) / decrease of other current assets	48	(45)
(Increase) / decrease of contract asset	(346)	(990)
Increase / (decrease) in payables	1,748	(98)
Increase / (decrease) in accrued interest payable	(2)	(17)
Increase / (decrease) in other accrued expenses payable	21	136
Increase / (decrease) in other liabilities	518	327
Increase / (decrease) in contract liabilities	2,574	3,286
Increase / (decrease) in employee benefit provision	(273)	352
Increase / (decrease) in other provisions	205	(57)
Net cash flows from operating activities	27,531	20,681

(b) Non-cash investing and financing activities

RFS Contributed Assets	425	689
Subdivisions	5,531	3,074
Other Contributed Assets	285	194
Total non-cash investing and financing activities	6,241	3,957

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
---------	------	------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	1,596	78
Plant and equipment	422	706
Structures	94	347
Roads	311	470
Bridges	198	1,044
Water Infrastructure	1,978	—
Sewer Infrastructure	37	—
Environmental	281	—
Cycleway	373	373
Total commitments	5,290	3,018

These expenditures are payable as follows:

Within the next year	4,902	1,975
Later than one year and not later than 5 years	388	1,043
Total payable	5,290	3,018

G3-1 Events occurring after the reporting date

There are not any known events occurring after the reporting date that would have a significant effect on the financial report.

G4 Statement of developer contributions as at 30 June 2022

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Transfers	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Section 7.11	510	30	–	3	–	–	543	–
S7.11 contributions – under a plan	510	30	–	3	–	–	543	–
S7.12 levies – under a plan	564	906	–	4	(385)	–	1,089	–
Total S7.11 and S7.12 revenue under plans	1,074	936	–	7	(385)	–	1,632	–
S64 contributions	7,173	1,972	–	46	(618)	–	8,573	–
Total contributions	8,247	2,908	–	53	(1,003)	–	10,205	–

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.

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Transfers	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Section 7.11	510	30	–	3	–	–	543	–
Total	510	30	–	3	–	–	543	–

S7.12 Levies – under a plan

Section 7.12	564	906	–	4	(385)	–	1,089	–
Total	564	906	–	4	(385)	–	1,089	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	316	0.74%	(5.47)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	42,940			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	32,044	51.55%	58.47%	> 60.00%
Total continuing operating revenue ¹	62,159			
3. Unrestricted current ratio				
Current assets less all external restrictions	22,074	1.98x	2.17x	> 1.50x
Current liabilities less specific purpose liabilities	11,159			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	13,516	3.07x	2.50x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,403			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	840	3.61%	4.39%	< 10.00%
Rates and annual charges collectable	23,258			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	51,391	19.13 months	15.55 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,687			

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	5.44%	(5.07)%	(16.41)%	(8.61)%	(10.53)%	(4.28)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding all grants and contributions ¹	45.59%	51.44%	69.55%	76.07%	70.92%	78.68%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	1.98x	2.17x	12.77x	7.13x	28.54x	46.34x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3.48x	2.96x	1.47x	1.29x	9.92x	8.00x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	3.66%	4.62%	3.60%	3.53%	3.42%	3.60%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	24.08 months	17.95 months	2.54 months	4.82 months	6.63 months	12.37 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note D1-1 above.

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

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

44 Princess Street
MACKSVILLE NSW 2447

Contact details

PO Box 177
MACKSVILLE NSW 2447

Monday to Friday - 8.30 am to 4.00 pm

Telephone: 02 6568 2555

Facsimile: 02 6568 2201

Internet: www.nambucca.nsw.gov.au

Email: council@nambucca.nsw.gov.au

Officers

General Manager

Chris Thompson

Chief Financial Officer

Matthew Sykes

Public Officer

Robert Hunt

Auditors

Audit Office of New South Wales
Level 15, 1 Margaret Street
SYDNEY NSW 2000

Elected members

Mayor

Rhonda Hoban

Councillor

Trevor Ballangarry
Martin Ballangarry
Susan Jenvey
David Jones
James Angel
John Wilson
Troy Vance
Ricky Buchanan

Other information

ABN: 71 323 535 981



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Nambucca Valley Council

To the Councillors of Nambucca Valley Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

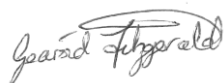
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

25 October 2022
SYDNEY



Cr Rhonda Hoban OAM
Mayor
Nambucca Valley Council
PO Box 177
MACKSVILLE NSW 2447

Contact: Gearoid Fitzgerald
Phone no: 9275 7392
Our ref: D2222071/1766

25 October 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Nambucca Valley Council**

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

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

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

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	22.2	21.4	↑ 3.7
Grants and contributions revenue	30.1	20.7	↑ 45.4
Materials and Services	14.4	13.6	↑ 5.9

Operating result from continuing operations	18.3	11.1	64.9
Net operating result before capital grants and contributions	(0.9)	(1.9)	-52.6

The Council's operating result from continuing operations (\$18.3 million including depreciation and amortisation expense of \$10.9 million) was \$7.2 million higher than the 2020–21 result.

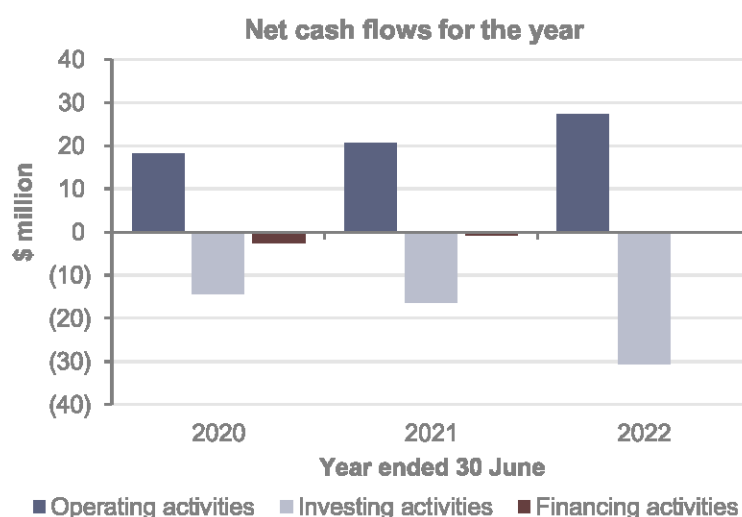
The increase in operating result is largely attributable to the following:

- Rates and annual charges revenue (\$22.2 million) increased by \$0.8 million (3.7 per cent). The IPART approved rate peg was 2.0 percent in 2021-22
- Grants and contributions revenue (\$30.1 million) increased by \$9.4 million (45.4 per cent) in 2021–22. A large portion of this increase (\$6.2 million) was received to fund the Council's capital works program.
- Materials and services expense (\$14.4 million) increased by \$0.8 million (5.9%) due to increase in contractor and consultancy costs required for maintenance costs as a result of weather events.
- Employee benefits expense (\$12.1 million) remained stable, with an increase of \$0.1 million (0.8%).

The net operating result before capital grants and contributions (\$0.9 million) was \$1.0 million lower than the 2020–21 result.

STATEMENT OF CASH FLOWS

- Net cash provided by operating activities increased by \$6.8 million. This is largely due to an increase in grants and contributions received.
- Net cash used in investing activities increased by \$14.2 million. This is largely due to grant receipts being used to acquire term deposits, partly offset by the sale of other investments totalling \$5.2 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	64.5	53.5	<ul style="list-style-type: none"> Externally restricted cash and investments has increased by \$7.3 million from the prior year. \$2.5 million of this increase relates to specific purpose unexpended grants.
Restricted and allocated cash, cash equivalents and investments:			<ul style="list-style-type: none"> Internally restricted cash and investments have increased by \$2 million from prior year. \$1 million of this relates to unexpended general fund loans.
• External restrictions	49.8	42.5	
• Internal allocations	11.3	9.3	

PERFORMANCE

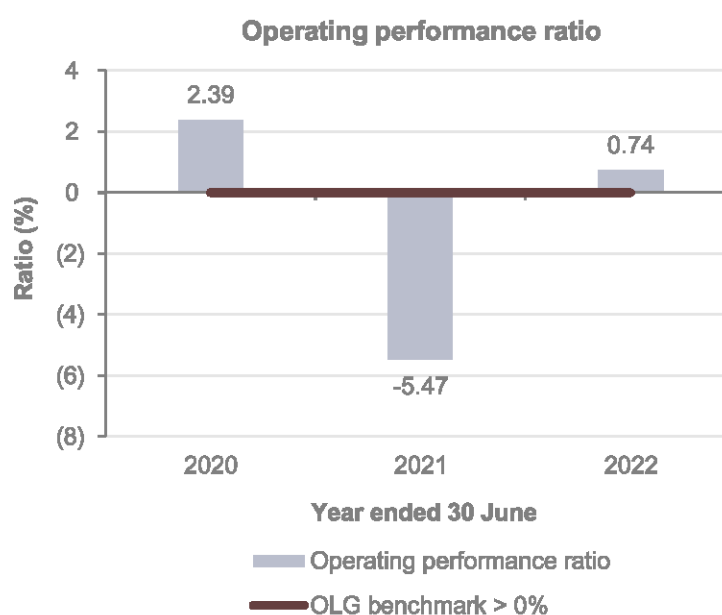
Performance measures

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

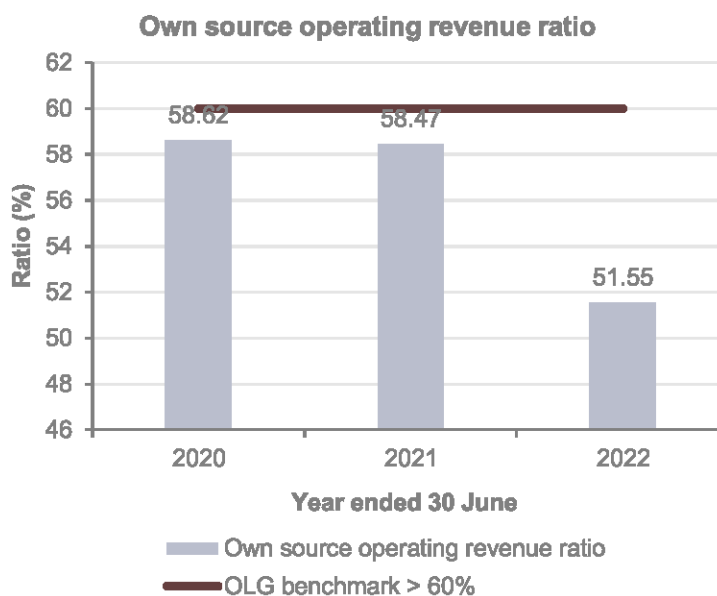


Own source operating revenue ratio

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

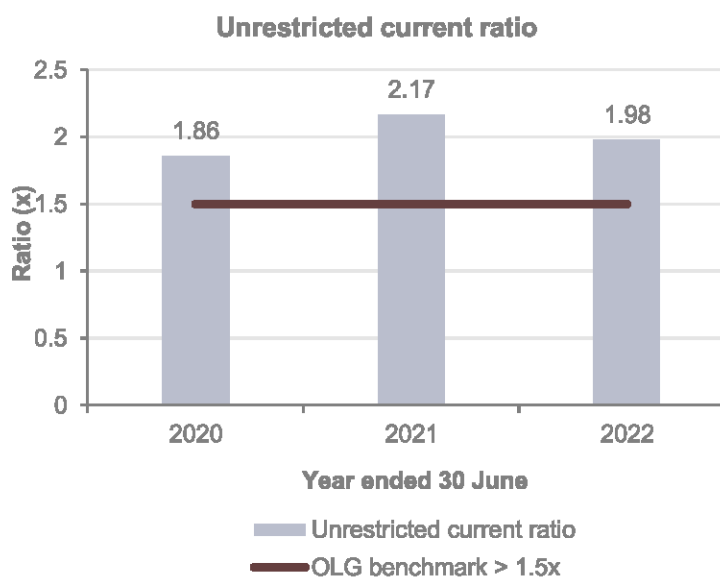
The ratio was negatively impacted in 2021-22 by higher levels of capital grants and contributions received.



Unrestricted current ratio

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 exceeded the OLG benchmark for the current reporting period.

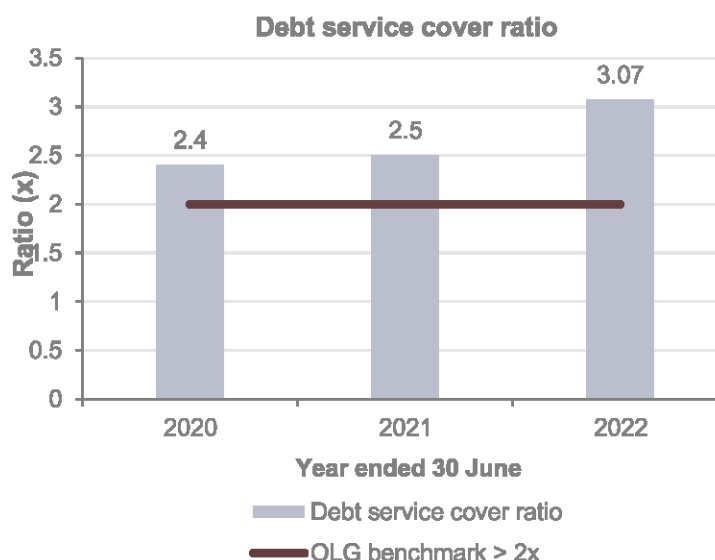


Debt service cover ratio

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.

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

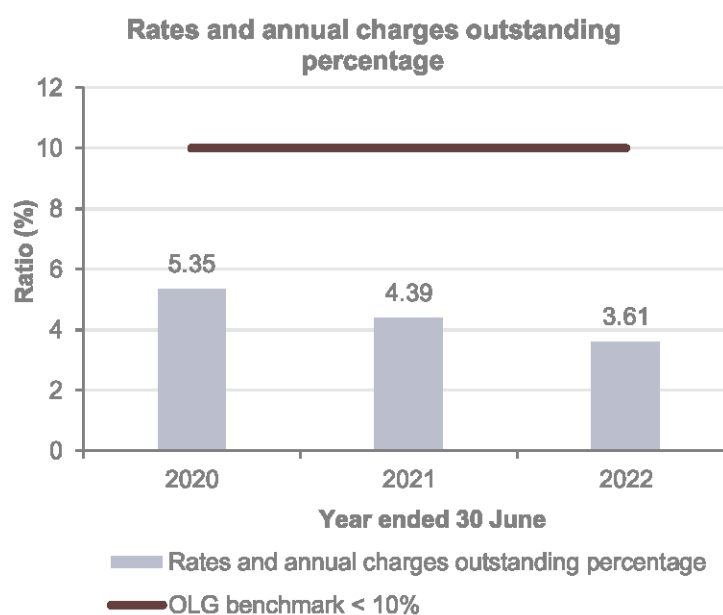
Council's water fund (1.47x) remains below the OLG benchmark for the current reporting period. Council should continue to monitor its ratios to ensure cash flows over the short to medium term are sufficient to meet the debt repayment obligations in the water fund.



Rates and annual charges outstanding percentage

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.

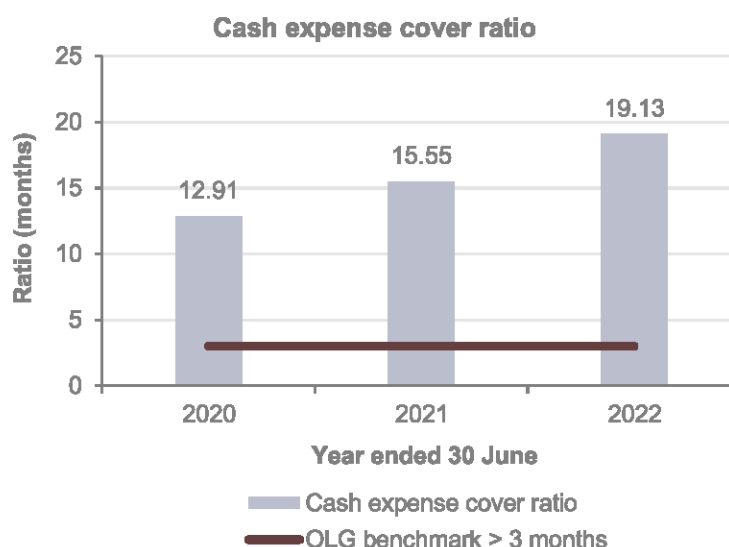
The Council met the OLG benchmark for the current reporting period.



Cash expense cover ratio

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 Council met the OLG benchmark for the current reporting period.



Infrastructure, property, plant and equipment renewals

The Council's asset renewal expenditure in the 2021-22 year was \$10.3 million (\$5.7 million in 2020-21). In 2021-22, major renewal projects included Nambucca Heads Library Refurbishment (\$2.8 million) and works performed on a number of Council Bridges (\$1.9 million across asset class).

Legislative compliance

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

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

cc: Mr Chris Thompson, General Manager
Mr Peter Lawry, Chair of Audit, Risk and Improvement Committee

Nambucca Valley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Nambucca Valley ~ Living at its best



Special Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
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Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
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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).

Nambucca Valley Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management

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

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

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

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

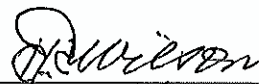
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

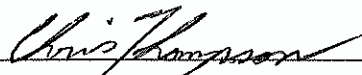
Signed in accordance with a resolution of Council made on 13 October 2022.



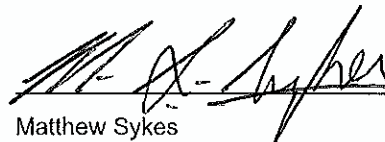
Rhonda Hoban
Mayor
13 October 2022



John Wilson
Councillor
13 October 2022



Chris Thompson
General Manager
13 October 2022



Matthew Sykes
Chief Financial Officer
13 October 2022

Nambucca Valley Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	1,078	1,043
User charges	3,660	3,606
Interest and investment income	131	389
Grants and contributions provided for operating purposes	84	83
Other income	305	361
Total income from continuing operations	5,258	5,482
Expenses from continuing operations		
Employee benefits and on-costs	1,622	1,625
Borrowing costs	1,378	1,405
Materials and services	1,138	1,140
Depreciation, amortisation and impairment	1,790	1,752
Net loss from the disposal of assets	13	32
Calculated taxation equivalents	15	15
Debt guarantee fee (if applicable)	264	271
Other expenses	180	—
Total expenses from continuing operations	6,400	6,240
Surplus (deficit) from continuing operations before capital amounts	(1,142)	(758)
Grants and contributions provided for capital purposes	2,181	1,615
Surplus (deficit) from continuing operations after capital amounts	1,039	857
Surplus (deficit) from all operations before tax	1,039	857
Surplus (deficit) after tax	1,039	857
Plus accumulated surplus	64,747	63,619
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	15	15
– Debt guarantee fees	264	271
Less:		
– Tax equivalent dividend paid	(15)	(15)
Closing accumulated surplus	66,050	64,747
Return on capital %	0.2%	0.7%
Subsidy from Council	3,402	724
Calculation of dividend payable:		
Surplus (deficit) after tax	1,039	857
Less: capital grants and contributions (excluding developer contributions)	(1,309)	(861)
Surplus for dividend calculation purposes	—	—
Potential dividend calculated from surplus	—	—

Nambucca Valley Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	4,093	3,965
User charges	816	795
Liquid trade waste charges	27	25
Interest and investment income	74	162
Grants and contributions provided for operating purposes	75	74
Other income	376	348
Total income from continuing operations	5,461	5,369
Expenses from continuing operations		
Employee benefits and on-costs	1,964	1,807
Borrowing costs	150	156
Materials and services	1,801	1,540
Depreciation, amortisation and impairment	1,963	1,932
Net loss from the disposal of assets	158	164
Calculated taxation equivalents	21	21
Debt guarantee fee (if applicable)	29	30
Total expenses from continuing operations	6,086	5,650
Surplus (deficit) from continuing operations before capital amounts	(625)	(281)
Grants and contributions provided for capital purposes	2,134	1,361
Surplus (deficit) from continuing operations after capital amounts	1,509	1,080
Surplus (deficit) from all operations before tax	1,509	1,080
Surplus (deficit) after tax	1,509	1,080
Less:		
Plus accumulated surplus	59,687	58,577
Plus adjustments for amounts unpaid:		
– Debt guarantee fees	29	30
– Surplus dividend paid	(170)	–
– Tax equivalent dividend paid	(21)	(21)
– Taxation equivalent payments	21	21
Closing accumulated surplus	61,055	59,687
Return on capital %	(0.6)%	(0.2)%
Subsidy from Council	3,535	1,330
Calculation of dividend payable:		
Surplus (deficit) after tax	1,509	1,080
Less: capital grants and contributions (excluding developer contributions)	(1,034)	(609)
Surplus for dividend calculation purposes	475	471
Potential dividend calculated from surplus	238	236

Nambucca Valley Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	1,000	1,865
Investments	8,829	2,144
Receivables	1,284	1,210
Inventories	28	28
Contract assets and contract cost assets	95	292
Total current assets	11,236	5,539
Non-current assets		
Investments	12,532	17,226
Infrastructure, property, plant and equipment	99,390	92,018
Intangible assets	406	406
Total non-current assets	112,328	109,650
Total assets	123,564	115,189
LIABILITIES		
Current liabilities		
Payables	193	179
Contract liabilities	170	60
Borrowings	517	485
Total current liabilities	880	724
Non-current liabilities		
Borrowings	20,639	21,156
Total non-current liabilities	20,639	21,156
Total liabilities	21,519	21,880
Net assets	102,045	93,309
EQUITY		
Accumulated surplus	66,050	64,747
Revaluation reserves	35,995	28,562
Total equity	102,045	93,309

Nambucca Valley Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	1,838	3,706
Investments	5,612	2,903
Receivables	372	386
Contract assets and contract cost assets	83	144
Total current assets	7,905	7,139
Non-current assets		
Investments	3,635	2,466
Receivables	148	191
Infrastructure, property, plant and equipment	83,615	80,888
Total non-current assets	87,398	83,545
Total assets	95,303	90,684
LIABILITIES		
Current liabilities		
Payables	58	67
Contract liabilities	138	149
Borrowings	81	76
Total current liabilities	277	292
Non-current liabilities		
Borrowings	2,275	2,356
Total non-current liabilities	2,275	2,356
Total liabilities	2,552	2,648
Net assets	92,751	88,036
EQUITY		
Accumulated surplus	61,055	59,687
Revaluation reserves	31,696	28,349
Total equity	92,751	88,036

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supplies

Comprising the whole of the operations and assets of the water supply function.

b. Sewerage Services

Comprising the whole of the operations and assets of the sewerage reticulation and treatment service.

Category 2

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

NIL

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – 25%

Land tax – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,001 up to \$4,616,000 the rate is **\$100 +1.6%**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines to 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 Best Practice Management of Water Supply and Sewer Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

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

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

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

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

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

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Note – Significant Accounting Policies (continued)

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Best Practice Management of Water Supply and Sewer guidelines and must not exceed:

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Nambucca Valley Council

To the Councillors of Nambucca Valley Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

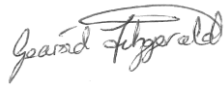
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

A handwritten signature in cursive script, reading "Gearoid Fitzgerald".

Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

25 October 2022
SYDNEY

Nambucca Valley Council

SPECIAL SCHEDULES
for the year ended 30 June 2022

Nambucca Valley ~ Living at its best



Nambucca Valley Council

Special Schedules

for the year ended 30 June 2022

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Nambucca Valley Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	11,433	11,846
Plus or minus adjustments ²	b	101	194
Notional general income	$c = a + b$	11,534	12,040
Permissible income calculation			
Or rate peg percentage	e	2.00%	0.70%
Or plus rate peg amount	$i = e \times (c + g)$	231	84
Sub-total	$k = (c + g + h + i + j)$	11,765	12,124
Plus (or minus) last year's carry forward total	l	89	3
Less valuation objections claimed in the previous year	m	(5)	—
Sub-total	$n = (l + m)$	84	3
Total permissible income	$o = k + n$	11,849	12,127
Less notional general income yield	p	11,846	12,121
Catch-up or (excess) result	$q = o - p$	2	6
Carry forward to next year ⁴	$t = q + r + s$	2	6

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)*.
- (4) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Nambucca Valley Council

To the Councillors of Nambucca Valley Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

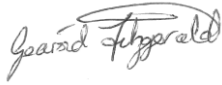
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

25 October 2022
SYDNEY

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000			1	2	3	4	5
Buildings	Council Office/Admin Centre	—	—	55	62	2,461	3,970	5.0%	78.0%	17.0%	0.0%	0.0%
	Council Works Depot	12	12	23	26	1,596	2,045	33.0%	54.0%	10.0%	2.0%	1.0%
	Council Public Halls	524	524	74	50	7,170	12,266	2.0%	25.0%	56.0%	0.0%	17.0%
	Libraries	—	—	18	17	1,535	2,066	1.0%	86.0%	13.0%	0.0%	0.0%
	Museum	31	31	5	4	536	759	1.0%	33.0%	50.0%	16.0%	0.0%
	Other – Buildings	33	33	64	65	3,040	3,731	52.0%	22.0%	23.0%	3.0%	0.0%
	Other – Bush Fire/SES Bldgs.	123	123	61	58	2,844	3,890	7.0%	50.0%	30.0%	13.0%	0.0%
	Other – Swimming Pool Bldgs.	3	3	35	38	2,851	3,436	12.0%	85.0%	3.0%	0.0%	0.0%
	Other – Child Care Centres	—	—	4	5	717	943	1.0%	99.0%	0.0%	0.0%	0.0%
	Amenities/Toilets	35	35	42	37	2,857	3,634	40.0%	29.0%	27.0%	4.0%	0.0%
	Other -Sports Grounds	148	148	30	31	6,954	10,008	34.0%	11.0%	49.0%	6.0%	0.0%
	Sub-total	909	909	411	393	32,561	46,748	18.5%	38.7%	35.1%	3.3%	4.5%
Other structures	Other	23	23	—	—	4,821	9,037	45.0%	51.0%	3.0%	1.0%	0.0%
	Sub-total	23	23	—	—	4,821	9,037	45.0%	51.0%	3.0%	1.0%	0.0%
Roads	Sealed roads	385	385	884	2,144	10,248	18,237	26.0%	28.0%	38.0%	8.0%	0.0%
	Unsealed roads	274	274	956	2,333	5,486	8,636	41.0%	28.0%	13.0%	13.0%	5.0%
	Roads – Pavement	1,149	1,149	77	186	65,897	106,361	18.0%	34.0%	44.0%	4.0%	0.0%
	Sealed Road - Sub Pavement	—	—	—	—	3,694	3,770	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	—	—	59	26	13,667	20,372	12.0%	58.0%	30.0%	0.0%	0.0%
	Footpaths	—	—	56	56	10,097	14,022	28.0%	55.0%	17.0%	0.0%	0.0%
	Carparks	—	—	12	2	1,762	2,283	24.0%	69.0%	7.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	30	30	8	3	3,190	6,045	47.0%	22.0%	29.0%	2.0%	0.0%
	Bulk earthworks	—	—	—	—	44,202	44,201	100.0%	0.0%	0.0%	0.0%	0.0%
	Bridges – Concrete	—	—	—	—	28,716	34,756	46.0%	49.0%	5.0%	0.0%	0.0%
	Bridges – Timber	1,090	1,090	261	255	1,697	6,040	0.0%	13.0%	14.0%	72.0%	1.0%
	Bridges – Composite	366	366	—	—	18,983	27,605	1.0%	89.0%	5.0%	5.0%	0.0%
	Bridges - Steel	—	—	—	—	129	131	25.0%	75.0%	0.0%	0.0%	0.0%
	Bridge Size Culverts	—	—	—	—	614	1,204	0.0%	18.0%	82.0%	0.0%	0.0%
	Sub-total	3,294	3,294	2,313	5,005	208,386	293,663	34.5%	37.1%	23.9%	4.3%	0.2%

Nambucca Valley Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Water supply network	Reticulation	99	99	581	584	19,939	36,027	14.0%	49.0%	37.0%	0.0%	0.0%
	Trunk Mains	268	268	75	51	21,060	36,938	24.0%	23.0%	51.0%	2.0%	0.0%
	Mains/Meters	—	—	15	22	179	258	0.0%	0.0%	100.0%	0.0%	0.0%
	Reservoirs	310	310	105	91	8,992	13,720	53.0%	24.0%	22.0%	0.0%	1.0%
	Water Treatment Plant	11	11	157	129	1,254	2,023	53.0%	20.0%	25.0%	2.0%	0.0%
	Bores	10	10	78	75	1,777	2,716	22.0%	68.0%	9.0%	1.0%	0.0%
	Dams	—	—	243	199	38,808	42,285	98.0%	2.0%	0.0%	0.0%	0.0%
	Pump stations	—	—	40	23	1,655	2,685	40.0%	44.0%	15.0%	0.0%	1.0%
	Sub-total	698	698	1,294	1,174	93,664	136,652	47.8%	24.7%	26.8%	0.6%	0.1%
Sewerage network	Sewerage rising (Pipelines)	154	154	—	—	6,317	10,794	13.0%	57.0%	25.0%	5.0%	0.0%
	Gravity/Rising Mains	—	—	409	423	31,430	48,606	13.0%	19.0%	68.0%	0.0%	0.0%
	Pump Stations	95	95	389	420	12,886	19,086	26.0%	41.0%	31.0%	2.0%	0.0%
	Treatment Works	73	73	880	974	19,530	29,374	19.0%	54.0%	26.0%	1.0%	0.0%
	Other – Manholes	—	—	—	—	7,690	13,073	7.0%	17.0%	76.0%	0.0%	0.0%
	Sub-total	322	322	1,678	1,817	77,853	120,933	15.9%	34.1%	49.0%	1.0%	0.0%
Stormwater drainage	Aerated Systems - S/W	—	—	—	—	27	67	100.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater Conduits	—	—	117	119	30,291	44,205	13.0%	47.0%	40.0%	0.0%	0.0%
	Inlets & Junction Pits	7	7	—	—	4,631	6,588	18.0%	44.0%	38.0%	0.0%	0.0%
	Culverts	468	468	90	50	10,423	17,350	9.0%	35.0%	45.0%	11.0%	0.0%
	Other – Drainage	—	—	—	—	211	242	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	475	475	207	169	45,583	68,452	12.9%	43.5%	40.9%	2.8%	0.0%
Open space / recreational assets	Swimming pools	—	—	—	—	1,377	2,551	23.0%	77.0%	0.0%	0.0%	0.0%
	Other – Open Space	125	125	109	103	4,556	6,333	55.0%	29.0%	8.0%	8.0%	0.0%
	Sub-total	125	125	109	103	5,933	8,884	45.8%	42.8%	5.7%	5.7%	0.0%

Nambucca Valley Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Other infrastructure assets	Retaining Walls	—	—	13	—	10,455	12,059	91.0%	8.0%	1.0%	0.0%	0.0%
	Boat Ramps / Jetties, Boardwalks	198	198	47	48	2,523	5,561	55.0%	19.0%	12.0%	14.0%	0.0%
	Landslips	—	—	—	—	4,760	5,640	86.0%	14.0%	0.0%	0.0%	0.0%
	Other	16	16	32	—	2,127	3,219	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	214	214	92	48	19,865	26,479	71.3%	10.6%	3.0%	2.9%	12.2%
Total – all assets		6,060	6,060	6,104	8,709	488,666	710,848	32.4%	34.2%	29.8%	2.7%	0.8%

(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

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	5,710	55.31%	48.04%	>= 100.00%
Depreciation, amortisation and impairment	10,323			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	6,060	1.22%	4.08%	< 2.00%
Net carrying amount of infrastructure assets	496,636			
Asset maintenance ratio				
Actual asset maintenance	8,709	142.68%	109.76%	> 100.00%
Required asset maintenance	6,104			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	6,060	0.85%	2.80%	
Gross replacement cost	710,848			

(*) 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.

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	79.60%	68.43%	4.58%	9.32%	12.91%	14.44%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.55%	1.81%	0.75%	6.73%	0.41%	9.51%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	182.57%	124.29%	90.73%	87.51%	108.28%	91.20%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	0.80%	1.29%	0.79%	4.42%	0.53%	6.04%	

(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.