

APPENDIX A: AUDITED FINANCIAL STATEMENTS



Edward River Council

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2023



Edward River Council

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2023



General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

180 Cressy Street
Deniliquin NSW 2710

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.edwardriver.nsw.gov.au.

Edward River Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Edward River Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

- the *Local Government Act 1993* (NSW) (as amended) 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:

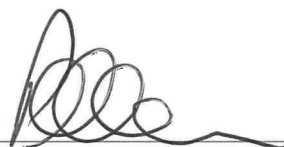
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 17 October 2023.



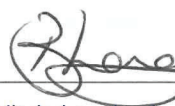
Peta Betts
Mayor
17 October 2023



Paul Fellows
Deputy Mayor
17 October 2023



Philip Stone
General Manager
17 October 2023



Belinda Langlands
Responsible Accounting Officer
17 October 2023

Edward River Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Income from continuing operations				
13,952	Rates and annual charges	B2-1	14,030	13,716
3,861	User charges and fees	B2-2	5,904	4,934
512	Other revenues	B2-3	883	620
8,080	Grants and contributions provided for operating purposes	B2-4	13,418	11,202
1,320	Grants and contributions provided for capital purposes	B2-4	5,395	8,767
322	Interest and investment income	B2-5	1,141	356
250	Net gain from the disposal of assets	B4-1	250	–
–	Reversal of revaluation decrements/ impairment of infrastructure, property, plant and equipment previously expensed	B6-1	4,077	7,062
28,297	Total income from continuing operations		45,098	46,657
Expenses from continuing operations				
10,029	Employee benefits and on-costs	B3-1	10,316	9,551
6,371	Materials and services	B3-2	13,192	7,234
230	Borrowing costs	B3-3	–	–
10,262	Depreciation, amortisation and impairment of non-financial assets	B3-3	10,153	9,886
667	Other expenses	B3-4	894	789
–	Net loss from the disposal of assets	B4-1	–	194
27,559	Total expenses from continuing operations		34,555	27,654
738	Net operating result for the year attributable to Council		10,543	19,003
(582)	Net operating result for the year before grants and contributions provided for capital purposes		5,148	10,236

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

Edward River Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
Net operating result for the year – from Income Statement		10,543	19,003
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	31,292	7,124
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	(11,365)	–
Total comprehensive income for the year attributable to Council		30,470	26,127

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

Edward River Council

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	9,277	7,616
Investments	C1-2	36,005	27,500
Receivables	C1-4	3,070	2,834
Contract assets and contract cost assets	C1-5	1,544	–
Other	C1-8	311	103
Total current assets		50,207	38,053
Non-current assets			
Investments	C1-2	6,000	15,000
Infrastructure, property, plant and equipment (IPPE)	C1-6	498,391	464,485
Intangible assets	C1-7	995	1,268
Total non-current assets		505,386	480,753
Total assets		555,593	518,806
LIABILITIES			
Current liabilities			
Payables	C2-1	4,663	3,195
Contract liabilities	C2-2	7,088	4,464
Employee benefit provisions	C2-3	2,979	2,913
Provisions	C2-4	229	165
Total current liabilities		14,959	10,737
Non-current liabilities			
Payables	C2-1	55	55
Employee benefit provisions	C2-3	149	146
Provisions	C2-4	3,658	1,566
Total non-current liabilities		3,862	1,767
Total liabilities		18,821	12,504
Net assets		536,772	506,302
EQUITY			
Accumulated surplus	C3-1	464,727	454,184
IPPE revaluation reserve	C3-1	72,045	52,118
Total equity		536,772	506,302

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

Edward River Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		454,184	52,118	506,302	435,181	44,994	480,175
Opening balance		454,184	52,118	506,302	435,181	44,994	480,175
Net operating result for the year		10,543	–	10,543	19,003	–	19,003
Net operating result for the year		10,543	–	10,543	19,003	–	19,003
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	31,292	31,292	–	7,124	7,124
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	–	(11,365)	(11,365)	–	–	–
Other comprehensive income		–	19,927	19,927	–	7,124	7,124
Total comprehensive income		10,543	19,927	30,470	19,003	7,124	26,127
Closing balance at 30 June		464,727	72,045	536,772	454,184	52,118	506,302

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

Edward River Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
Receipts:				
13,946	Rates and annual charges		14,048	13,894
3,805	User charges and fees		6,345	5,071
306	Interest received		718	331
6,262	Grants and contributions		19,957	18,709
675	Other		5,821	2,734
Payments:				
(10,013)	Payments to employees		(10,217)	(9,763)
(6,379)	Payments for materials and services		(15,525)	(7,763)
(230)	Borrowing costs		—	—
—	Bonds, deposits and retentions refunded		—	(65)
(667)	Other		—	(3,914)
7,705	Net cash flows from operating activities	G1-1	21,147	19,234
Cash flows from investing activities				
Receipts:				
—	Redemption of term deposits		495	250
250	Proceeds from sale of IPPE		433	201
Payments:				
(1,032)	Acquisition of term deposits		—	—
(11,636)	Payments for IPPE		(20,387)	(18,563)
—	Purchase of intangible assets		(27)	(341)
(12,418)	Net cash flows from (or used in) investing activities		(19,486)	(18,453)
Cash flows from financing activities				
Receipts:				
6,100	Proceeds from borrowings		—	—
Payments:				
(379)	Repayment of borrowings		—	—
5,721	Net cash flows from (or used in) financing activities		—	—
1,008	Net change in cash and cash equivalents		1,661	781
4,239	Cash and cash equivalents at beginning of year		7,616	6,835
5,247	Cash and cash equivalents at end of year	C1-1	9,277	7,616
36,033	plus: Investments on hand at end of year	C1-2	42,005	42,500
41,280	Total cash, cash equivalents and investments		51,282	50,116

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

Edward River 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 17 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes and are clearly marked:

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

Where appropriate, comparative figures have been amended to accord with the current year's presentation, and disclosure has been made of any material changes to comparatives. Those comparative figures included are summarized below:

Nil

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated tip remediation provisions – refer Note C2-4
- (iii) employee benefit provisions – refer Note C2-3

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables - refer Note C1-4

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

- (ii) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts* and / or AASB 1058 *Income of Not-for-Profit Entities* - Refer to Notes B2-2 to B2-4

A1-1 Basis of preparation (continued)

(d) Monies and other assets received by Council

(i) The Consolidated Fund

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

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

- General purpose operations
- Sewerage and water services
- Conargo Recreation Hall Committee

(ii) 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.

(e) 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 does not have material dependence on volunteer services. Volunteers are utilised at the Visitors Information Centre. The estimated value of these services has been included in the financial statements based on average salary and on costs Council would be required to pay if services were not donated.

(f) New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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 2021-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

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

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

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

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

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

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

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Functions or activities ^{1,2}										
A community working together to achieve its potential	12,258	15,226	6,001	5,580	6,257	9,646	7,948	7,862	106,759	99,990
A great place to live	1,442	3,117	2,460	2,066	(1,018)	1,051	900	4,148	40,983	38,384
A prosperous and vibrant economy	1,184	730	1,033	817	151	(87)	1,137	1,339	16,208	15,180
A region with quality and sustainable infrastructure	28,175	25,840	21,443	15,930	6,732	9,910	7,775	6,484	316,056	296,016
A valued and enhanced natural environment	2,039	1,744	3,618	3,261	(1,579)	(1,517)	221	136	73,923	69,236
Other	–	–	–	–	–	–	832	–	1,664	–
Total functions and activities	45,098	46,657	34,555	27,654	10,543	19,003	18,813	19,969	555,593	518,806

(1) Income and expenditure allocated to each function/ activity using cost centres, with each cost centre being attached to one particular function/activity.

(2) Assets allocated to each activity on the basis of the activities expenditure as a proportion of total expenditure. The assumption is that a function's expenditure is a reflection of that activities utilisation of total assets.

B1-2 Components of functions or activities

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

These Functions align with Council's Community Strategic Plan and are in line with Council's Integrated Planning and Reporting framework.

A community working together to achieve its potential

These are activities that relate to council's leadership, including governance, administration and general purpose operations. Council's objectives of this function are:

1. Our community is informed and engaged.
2. We collaborate and pursue partnerships that achieve great outcomes for our community.
3. Our local government is efficient, innovative and financially sustainable.

A great place to live

These activities relate to council's society and community, including health, public order and security, community services and education, as well as recreation and culture. Council's objectives for this function are:

1. Our community has access to essential services.
2. Our community is safe, happy and healthy, both physically and mentally.
3. Our community and public spaces are accessible and inclusive and reflect our history, heritage and culture.

A prosperous and vibrant economy

These activities relate to the economy in Council's area of operation and include agriculture, manufacturing, construction and economic affairs. Council's objectives for this function are:

1. Our economy is strong and diverse.
2. We develop our key assets to enhance agriculture, boost tourism and support existing business.
3. Our region provides strong education, employment and training opportunities.

A region with quality and sustainable infrastructure

These activities relate to infrastructure, including water and sewerage, roads, transport and communication. Council's objectives for this function are:

1. Our built environment is managed, maintained and improved.
2. Our road network is a source of pride.
3. Our water and sewer infrastructure is efficient and fit for purpose.

A valued and enhanced natural environment

These activities relate to the natural environment in which council operates, including solid waste management, drainage and storm water management. Council's objectives for this function are:

1. We are committed to resource recovery and waste management.
2. Our natural environment is protected and enhanced.
3. We plan for the future to accommodate and facilitate sustainable growth and development.

B2 Sources of income

B2-1 Rates and annual charges

	2023 \$ '000	2022 \$ '000
Ordinary rates		
Residential	3,868	3,791
Farmland	2,949	2,891
Business	1,032	1,076
Other	9	9
Less: pensioner rebates (mandatory)	(158)	(159)
Rates levied to ratepayers	7,700	7,608
Pensioner rate subsidies received	76	77
Total ordinary rates	7,776	7,685
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,316	1,278
Stormwater management services	75	75
Water supply services	1,502	1,456
Sewerage services	3,209	3,112
Waste management services (non-domestic)	205	164
Less: pensioner rebates (mandatory)	(143)	(147)
Annual charges levied	6,164	5,938
Pensioner annual charges subsidies received:		
– Water	33	27
– Sewerage	31	34
– Domestic waste management	26	32
Total annual charges	6,254	6,031
Total rates and annual charges	14,030	13,716

Council has used 2020 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

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

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

B2-2 User charges and fees

	Timing	2023 \$ '000	2022 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	2	1,499	1,613
Sewerage services	2	231	239
Waste management services (non-domestic)	2	121	104
Total specific user charges		1,851	1,956
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building regulation	2	59	65
Inspection services	2	30	45
Private works – section 67	2	142	266
Regulatory/ statutory fees	2	9	8
Section 10.7 certificates (EP&A Act)	2	19	8
Section 603 certificates	2	32	40
Development fees	2	102	99
Impounding fees	2	4	3
Other – certificates and permits	2	40	19
Total fees and charges – statutory/regulatory		437	553
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	107	128
Caravan park	2	55	107
Cemeteries	2	153	103
Leaseback fees – Council vehicles	2	23	7
Library and art gallery	2	8	8
Park rents	2	8	4
Transport for NSW (state roads not controlled by Council)	2	2,882	1,715
Water connection fees		11	–
Medical centre	2	115	102
Murray Valley industrial park	2	25	25
Museum donations	2	2	1
Other lease rentals	2	73	63
Sewerage connection fees		4	–
Truckwash	2	99	123
Other	2	51	39
Total fees and charges – other		3,616	2,425
Total other user charges and fees		4,053	2,978
Total user charges and fees		5,904	4,934
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		5,904	4,934
Total user charges and fees		5,904	4,934

Accounting policy

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

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

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

B2-2 User charges and fees (continued)

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

B2-3 Other revenues

	Timing	2023 \$ '000	2022 \$ '000
Rental income – other council properties	1	44	53
Fines	2	12	15
Legal fees recovery – rates and charges (extra charges)	2	91	77
Commissions and agency fees	2	2	1
Diesel rebate	2	119	103
Recycling income (non-domestic)	2	10	41
Sales – general	2	116	43
Insurance rebates	2	45	7
Royalties	2	7	4
Other	2	349	218
Workers compensation reimbursement	2	88	58
Total other revenue		883	620

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	44	53
Other revenue recognised at a point in time (2)	839	567
Total other revenue	883	620

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

		Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,300	2,235	–	–
Financial assistance – local roads component	2	499	837	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	5,049	3,431	–	–
Financial assistance – local roads component	2	1,924	1,291	–	–
Amount recognised as income during current year		8,772	7,794	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Economic development	2	–	158	1,820	1,181
Environmental programs	2	175	13	–	41
Heritage and cultural	2	12	–	–	–
Library		9	–	–	–
Library – per capita	2	66	57	–	–
Noxious weeds	2	62	82	–	–
NSW rural fire services	2	369	195	202	102
Recreation and culture	2	299	50	3,149	3,706
Recreation and culture - Disaster Recovery		684	–	–	–
Street lighting	2	–	40	–	–
Transport (flood repair works)		287	–	–	–
Transport (roads to recovery)	2	1,085	1,309	–	–
Transport (other roads and bridges funding)	2	–	–	224	1,380
Transport for NSW contributions (regional roads, block grant)	2	1,424	1,397	–	2,357
Other contributions	2	92	38	–	–
Total special purpose grants and non-developer contributions (tied)		4,564	3,339	5,395	8,767
Total grants and non-developer contributions		13,336	11,133	5,395	8,767
Comprising:					
– Commonwealth funding		8,772	9,249	2,953	2,245
– State funding		3,623	1,571	2,442	6,498
– Other funding		941	313	–	24
		13,336	11,133	5,395	8,767

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G4					
Cash contributions						
S 64 – water supply contributions		2	45	37	–	–
S 64 – sewerage service contributions		2	37	32	–	–
Total developer contributions			82	69	–	–
Total contributions			82	69	–	–
Total grants and contributions			13,418	11,202	5,395	8,767
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			13,418	11,202	5,395	8,767
Total grants and contributions			13,418	11,202	5,395	8,767

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	920	1,792	4,087	5,321
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	316	377	1,492	1,110
Add: Funds received and not recognised as revenue in the current year	3,464	—	—	—
Less: Funds received in prior year but revenue recognised and funds spent in current year	(328)	(1,249)	(2,791)	(2,344)
Unspent funds at 30 June	4,372	920	2,788	4,087

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include Local Roads and Community Infrastructure rounds 1 and 2, Showground Stimulus Phase 2, Stronger Country Communities Round 4 and Building Better Regions Fund. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

B2-4 Grants and contributions (continued)

Other grants and contributions

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

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

B2-5 Interest and investment income

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	40	55
– Cash and investments	1,013	294
– Other	88	7
Finance income on the net investment in the lease	C2-2b –	–
Total interest and investment income (losses)	1,141	356

Accounting policy

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 \$ '000	2022 \$ '000
Salaries and wages	7,988	7,847
Travel expenses	4	4
Employee leave entitlements (ELE)	1,279	1,090
Superannuation	987	930
Workers' compensation insurance	340	331
Fringe benefit tax (FBT)	202	230
Payroll tax	–	1
Training costs (other than salaries and wages)	162	135
Protective clothing	34	22
Uniform clothing	16	12
Recruitment costs	40	7
WH&S expenses	17	18
Other	8	4
Total employee costs	11,077	10,631
Less: capitalised costs	(761)	(1,080)
Total employee costs expensed	10,316	9,551
Number of 'full-time equivalent' employees (FTE) at year end	105	104
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	128	116

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

		2023	2022
	Notes	\$ '000	\$ '000
Raw materials and consumables		3,180	1,438
Contractor Costs		5,442	2,300
Consultancy Costs		1,049	388
Audit Fees	F2-1	132	86
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	220	194
Advertising		232	210
Bank and centrepay charges		47	49
Election expenses		–	129
Electricity and heating		556	494
Insurance		939	825
Office expenses		27	25
Postage		25	26
Printing and stationery		15	21
Street lighting		106	87
Subscriptions and publications		150	116
Telephone and communications		81	89
Valuation fees		43	41
Other expenses		30	26
Information technology		484	303
Licences, fees and permits		242	296
Legal expenses:			
– Legal expenses: planning and development		2	–
– Legal expenses: debt recovery		91	79
– Legal expenses: other		99	12
Total materials and services		13,192	7,234
Total materials and services		13,192	7,234

Accounting policy

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

B3-3 Depreciation, amortisation and impairment of non-financial assets

	Notes	2023 \$ '000	2022 \$ '000
Depreciation and amortisation			
Plant and equipment		1,071	1,096
Office equipment		131	107
Furniture and fittings		8	10
Land improvements (depreciable)		123	114
Infrastructure:	C1-6		
– Buildings – non-specialised		289	260
– Buildings – specialised		850	803
– Other structures		104	108
– Roads		4,385	4,185
– Bridges		65	69
– Footpaths		350	322
– Other road assets		69	66
– Stormwater drainage		387	367
– Water supply network		713	787
– Sewerage network		676	724
– Swimming pools		101	91
– Other open space/recreational assets		423	369
Other assets:			
– Library books		8	6
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-6	100	165
Intangible assets	C1-7	300	237
Total depreciation and amortisation costs		10,153	9,886
Total depreciation, amortisation and impairment for non-financial assets		10,153	9,886

Accounting policy

Depreciation and amortisation

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

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 no longer required to be tested for impairment under AASB 136. This is because 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 that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-4 Other expenses

	Notes	2023 \$ '000	2022 \$ '000
Impairment of receivables			
Other		154	15
Total impairment of receivables	C1-4	154	15
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		598	338
Donations, contributions and assistance to other organisations (Section 356)		142	187
Other - prior year imbalances cleared		–	246
Other - Rounding adjustment		–	3
Total other		740	774
Total other expenses		894	789

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2023 \$ '000	2022 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		206	201
Less: carrying amount of plant and equipment assets sold/written off		(11)	(10)
Gain (or loss) on disposal		195	191
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		227	–
Less: carrying amount of infrastructure assets sold/written off		(172)	–
Gain (or loss) on disposal		55	–
Gain (or loss) on derecognition of Interest in Associates			
Loss on derecognition Interest in Associates		–	(385)
Net gain (or loss) from disposal of assets		250	(194)

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	13,952	14,030	78	1% F
User charges and fees	3,861	5,904	2,043	53% F
There has been an increase in private works completed and there has also continued to be an increase in Transport of NSW Road Maintenance Council Contract ordered works.				
Other revenues	512	883	371	72% F
Increased training rebates and subsidies were located by Human Resources and there was a distribution from a former Deniliquin Council investment case that was finalised.				
Operating grants and contributions	8,080	13,418	5,338	66% F
Financial Assistance Grant paid at 100% in June which is double the expected prepayment figure. Payments for flood repair works were also received due to the emergency situation as well as an increased roads repair grant.				
Capital grants and contributions	1,320	5,395	4,075	309% F
Councils required to recognise income in accordance with AASB 15 and AASB 1058 as the projects are completed and specific obligations are met. Additional grants were also received through the year that were also recognised.				
Interest and investment revenue	322	1,141	819	254% F
Interest and investment income has increased due to the higher interest rate environment caused by RBA interest rate increases compared with a conservative budget set in June 2022.				
Net gains from disposal of assets	250	250	–	0% F
Reversal of revaluation decrements / impairment of IPP&E previously expensed	–	4,077	4,077	∞ F
This was not budgeted, with the water revaluation and asset indexation due to inflation the replacement value of all the asset categories were high resulting in a positive variance.				
Expenses				
Employee benefits and on-costs	10,029	10,316	(287)	(3)% U
Materials and services	6,371	13,192	(6,821)	(107)% U
Unexpected consultant costs for vacant employee positions, flood management and repair works were also unexpected through the financial year, and increased RMCC costs that are offset by additional RMCC income have increased materials and contracts for 2022/23.				
Borrowing costs	230	–	230	100% F
There were no borrowings obtained in 2022/23 as had been budgeted.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Depreciation, amortisation and impairment of non-financial assets	10,262	10,153	109	1% F
Other expenses	667	894	(227)	(34)% U
NSW Community Grant that was approved through the year included additional donations to be paid out.				
Net losses from disposal of assets	–	–	–	∞ F
Statement of cash flows				
Cash flows from operating activities	7,705	21,147	13,442	174% F
Cash flows from investing activities	(12,418)	(19,486)	(7,068)	57% U
Cash flows from financing activities	5,721	–	(5,721)	(100)% U

B6 Material Income Statement items

B6-1 Material Income Statement items

Material reversal of revaluation decrements on IPPE previously expensed

	2023 \$ '000	2022 \$ '000
Operational Land	–	369
Community Land	116	81
Crown Land	–	232
Infrastructure:		
– Buildings – non-specialised	–	57
– Buildings – specialised	493	3,444
– Other structures	842	932
– Footpaths	998	271
– Water supply network	–	1,318
– Sewerage network	1,628	331
– Swimming pools	–	27
Total material reversal of revaluation decrements on IPPE previously expensed	4,077	7,062

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023 \$ '000	2022 \$ '000
Cash assets		
Cash on hand and at bank	9,275	7,614
Cash equivalent assets		
– Deposits at call	2	2
Total cash and cash equivalents	9,277	7,616

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Debt securities at amortised cost				
Long term deposits	36,005	6,000	27,500	15,000
Total financial investments	36,005	6,000	27,500	15,000
Total cash assets, cash equivalents and investments	45,282	6,000	35,116	15,000

Accounting policy

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

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

Financial assets

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

Classification

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

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

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 are measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents 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.

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

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	51,282	50,116
Less: Externally restricted cash, cash equivalents and investments	(20,454)	(19,312)
Cash, cash equivalents and investments not subject to external restrictions	30,828	30,804
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	6,775	4,553
Other - Unexpended merger funds	385	454
External restrictions – included in liabilities	7,160	5,007
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	39	39
Water fund	6,105	7,486
Sewer fund	5,749	5,361
Conargo milestones / interpretative	16	37
Conargo Oval M&R	20	20
Deniliquin band committee	26	20
Deniliquin community gardens	–	3
EPA waste	36	36
Regional arts	3	3
Domestic waste management	1,300	1,300
External restrictions – other	13,294	14,305
Total external restrictions	20,454	19,312

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.

	2023 \$ '000	2022 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	30,828	30,804
Less: Internally restricted cash, cash equivalents and investments	(16,595)	(7,879)
Unrestricted and unallocated cash, cash equivalents and investments	14,233	22,925

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

	2023	2022
	\$ '000	\$ '000

Internal allocations

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

Plant and vehicle replacement	1,799	1,799
Infrastructure replacement	1,780	2,300
Employees leave entitlement	693	693
Deposits, retentions and bonds	258	323
Advanced Payment - Financial Assistance Grant	6,972	—
Airport industrial land	20	20
Asset management	14	14
Airport runway development	187	187
Blighty-upgrade power	70	70
Building maintenance	50	50
Cemetery upgrade	9	9
Conargo Hall Committee Bequest	2,636	—
Depot office and gates upgrade	41	41
Dog trail	3	3
Election reserve	12	12
Fencing Conargo	7	7
Gravel pits	14	14
Human resources	18	18
Internal audit	6	6
Land development fund	385	385
Landscaping plans	90	90
Recreation reserves / village landscaping	1,113	1,113
Risk management	45	44
Wanganella hall community	5	5
Shire – entrance signage	5	5
Tourism/industry promotion	13	13
Town planning plans, surveys and studies	103	103
Waste facilities	63	63
Water infrastructure	57	57
Website development	2	2
Deniliquin town hall and civic precinct redevelopment	—	300
North Depot Redevelopment	125	133
Total internal allocations	16,595	7,879

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

	2023	2022
	\$ '000	\$ '000

(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	14,233	22,925
----------------------------------------------------------------------------	---------------	---------------

C1-4 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	779	—	725	—
Interest and extra charges	232	—	198	—
User charges and fees	1,093	—	1,026	—
Accrued revenues				
– Interest on investments	536	—	147	—
– Other income accruals	592	—	760	—
Net GST receivable	293	—	283	—
Other debtors	5	—	1	—
Total	3,530	—	3,140	—
Less: provision for impairment				
Other debtors	(460)	—	(306)	—
Total provision for impairment – receivables	(460)	—	(306)	—
Total net receivables	3,070	—	2,834	—

	2023 \$ '000	2022 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	306	299
+ new provisions recognised during the year	154	14
- amounts already provided for written off this year	—	(7)
Balance at the end of the year	460	306

C1-4 Receivables (continued)

Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after reporting date which are classified as non-current assets.

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.

Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

Impairment

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Contract assets and Contract cost assets

Contract assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Work relating to infrastructure grants	1,544	—	—	—
Total contract assets	1,544	—	—	—

Significant changes in contract assets

Due to flooding in the first half of the financial year Council acquired access to Disaster Recovery Grants that can be claimed when projects are approved and expended. The flooding also influenced the delay in claiming other annual grants where the work had already been complete.

C1-5 Contract assets and Contract cost assets (continued)

Accounting policy

Contract assets

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

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

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

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period										At 30 June 2023		
	Accumulated depreciation and impairment	Gross carrying amount	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Impairment reversal / prior period revaluation reversal (via P&L)	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Other movements - Revaluation increment due to increase in provision for remediation	Revaluation increments to equity (ARR)	Accumulated depreciation and impairment	Gross carrying amount	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	–	10,062	10,062	3,828	1,965	–	–	–	–	–	(8,204)	–	–	–	7,651	7,651
Plant and equipment	(10,310)	16,171	5,861	8	136	–	(8)	(1,071)	–	–	–	–	–	(10,581)	15,507	4,926
Office equipment	(2,901)	3,269	368	–	157	–	–	(131)	–	–	57	–	–	(3,032)	3,483	451
Furniture and fittings	(259)	287	28	–	31	–	–	(8)	–	–	–	–	–	(267)	318	51
Land:																
– Operational land	–	7,755	7,755	–	250	–	(172)	–	–	–	–	–	533	–	8,366	8,366
– Community land	–	1,707	1,707	–	–	–	–	–	116	–	–	–	–	–	1,823	1,823
– Crown land	–	4,874	4,874	–	–	–	–	–	–	–	–	–	331	–	5,205	5,205
Land improvements – depreciable	(1,687)	5,654	3,967	71	–	–	–	(123)	–	–	–	–	426	(2,013)	6,354	4,341
Infrastructure:																
– Buildings – non-specialised	(4,341)	16,964	12,623	793	25	–	–	(289)	–	–	–	–	1,053	(5,020)	19,225	14,205
– Buildings – specialised	(22,595)	60,478	37,883	2,356	592	–	–	(850)	493	–	6,035	–	2,666	(25,432)	74,607	49,175
– Other structures	(2,907)	20,808	17,901	36	–	–	–	(104)	842	–	351	–	522	(3,237)	22,785	19,548
– Roads	(67,377)	251,561	184,184	5,226	39	287	–	(4,385)	–	(11,365)	1,403	–	11,176	(87,176)	273,741	186,565
– Bridges	(3,582)	10,866	7,284	–	–	–	–	(65)	–	–	–	–	391	(3,843)	11,453	7,610
– Footpaths and kerb and gutter	(9,253)	28,996	19,743	480	–	–	–	(350)	998	–	–	–	–	(10,084)	30,955	20,871
– Other road assets (including bulk earthworks)	(985)	4,877	3,892	–	–	–	–	(69)	–	–	–	–	233	(1,118)	5,174	4,056
– Bulk earthworks (non-depreciable)	–	33,842	33,842	–	–	–	–	–	–	–	–	–	4,095	–	37,937	37,937
– Stormwater drainage	(12,873)	39,544	26,671	93	68	–	–	(387)	–	–	73	–	2,947	(14,704)	44,169	29,465
– Water supply network	(27,257)	64,787	37,530	251	48	–	–	(713)	–	–	89	–	4,663	(27,631)	69,499	41,868
– Sewerage network	(27,458)	59,783	32,325	337	11	–	–	(676)	1,628	–	65	–	844	(30,302)	64,836	34,534
– Swimming pools	(1,255)	5,790	4,535	–	127	–	–	(101)	–	–	116	–	396	(1,481)	6,554	5,073
– Other open space/recreational assets	(3,268)	13,015	9,747	231	293	–	–	(423)	–	–	15	–	1,016	(4,087)	14,966	10,879
Other assets:																
– Library books	(1,152)	1,289	137	–	40	–	–	(8)	–	–	–	–	–	(1,161)	1,330	169
Reinstatement, rehabilitation and restoration assets																
– Tip assets	(595)	2,161	1,566	–	–	–	–	(100)	–	–	–	2,156	–	(696)	4,318	3,622
Total infrastructure, property, plant and equipment	(200,055)	664,540	464,485	13,710	3,782	287	(180)	(9,853)	4,077	(11,365)	–	2,156	31,292	(231,865)	730,256	498,391

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	Accumulated depreciation and impairment	Gross carrying amount	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Impairment reversal / prior period revaluation decrements reversal (via P&L)	Adjustments and transfers	Other movements (details...)	Revaluation increments to equity (ARR)	Accumulated depreciation and impairment	Gross carrying amount	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	–	8,770	8,770	1,292	–	–	–	–	–	–	–	–	–	10,062	10,062
Plant and equipment	(9,806)	15,751	5,945	–	1,020	(8)	(1,096)	–	–	–	–	–	(10,310)	16,171	5,861
Office equipment	(2,795)	3,105	310	–	166	(2)	(107)	–	–	1	–	–	(2,901)	3,269	368
Furniture and fittings	(248)	287	39	–	–	–	(10)	–	–	(1)	–	–	(259)	287	28
Land:															
– Operational land	–	7,386	7,386	–	–	–	–	–	369	–	–	–	–	7,755	7,755
– Community land	–	1,626	1,626	–	–	–	–	–	81	–	–	–	–	1,707	1,707
– Crown land	–	4,642	4,642	–	–	–	–	–	232	–	–	–	–	4,874	4,874
Land improvements – depreciable	(1,492)	5,260	3,768	98	27	–	(114)	–	–	–	–	188	(1,687)	5,654	3,967
Infrastructure:															
– Buildings – non-specialised	(4,081)	14,735	10,654	334	748	–	(260)	–	57	(1)	–	1,091	(4,341)	16,964	12,623
– Buildings – specialised	(21,792)	55,689	33,897	555	789	–	(803)	–	3,444	1	–	–	(22,595)	60,478	37,883
– Other structures	(2,646)	19,723	17,077	–	–	–	(108)	–	932	–	–	–	(2,907)	20,808	17,901
– Roads	(62,114)	239,148	177,034	6,432	2,019	–	(4,185)	–	–	1	–	2,883	(67,377)	251,561	184,184
– Bridges	(3,474)	10,564	7,090	183	–	–	(69)	–	–	1	–	79	(3,582)	10,866	7,284
– Footpaths	(8,802)	26,303	17,501	2,102	191	–	(322)	–	271	–	–	–	(9,253)	28,996	19,743
– Other road assets (including bulk earthworks)	(913)	4,766	3,853	–	82	–	(66)	–	–	–	–	23	(985)	4,877	3,892
– Bulk earthworks (non-depreciable)	–	33,136	33,136	141	–	–	–	–	–	(1)	–	566	–	33,842	33,842
– Stormwater drainage	(12,164)	37,425	25,261	364	749	–	(367)	–	–	1	–	663	(12,873)	39,544	26,671
– Water supply network	(26,462)	61,597	35,135	428	330	–	(787)	(1)	1,319	413	–	693	(27,257)	64,787	37,530
– Sewerage network	(26,933)	59,354	32,421	540	169	–	(724)	–	331	(412)	–	–	(27,458)	59,783	32,325
– Swimming pools	(1,098)	5,316	4,218	118	54	–	(91)	–	27	1	–	208	(1,255)	5,790	4,535
– Other open space/recreational assets	(2,645)	11,049	8,404	326	655	–	(369)	–	–	1	–	730	(3,268)	13,015	9,747
Other assets:															
– Library books	(1,146)	1,251	105	3	36	–	(6)	–	–	(1)	–	–	(1,152)	1,289	137
Reinstatement, rehabilitation and restoration assets															
– Tip assets	(430)	3,584	3,154	–	–	–	(165)	–	–	–	(1,423)	–	(595)	2,161	1,566
Total infrastructure, property, plant and equipment	(189,041)	630,467	441,426	12,916	7,035	(10)	(9,649)	(1)	7,063	4	(1,423)	7,124	(200,055)	664,540	464,485

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

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

Accounting policy

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	30 to 60
Office furniture	10 to 20	Benches, seats etc.	20 to 60
Computer equipment	3 to 5		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	60 to 125
Other plant and equipment	5 to 15	Buildings: other	40 to 100
Water and sewer assets		Stormwater assets	
Dams and reservoirs	50 to 150	Drains	100 to 175
Bores	50 to 75	Culverts	60 to 140
Reticulation pipes: PVC	40 to 150	Flood control structures	100 to 175
Reticulation pipes: other	80 to 120		
Pumps and telemetry	30 to 95		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20 to 70	Bulk earthworks	120 to 200
Sealed roads: structure	70 to 100	Swimming pools	40 to 81
Unsealed roads	15 to 80	Other open space/recreational assets	25 to 60
Bridge: concrete	100 to 175	Other infrastructure	25 to 75
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	35 to 140		

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

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

Crown reserves

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

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

Rural Fire Service assets

Council recognises the land and buildings used by the Rural Fire Service situated within the Local Government area, however, it does not recognise the Rural Fire Service equipment.

C1-7 Intangible assets

Intangible assets are as follows:

	2023 \$ '000	2022 \$ '000
Software		
Opening values at 1 July		
Gross book value	2,402	2,061
Accumulated amortisation	(1,134)	(897)
Net book value – opening balance	1,268	1,164
Movements for the year		
Development costs	27	343
Amortisation charges	(300)	(237)
Closing values at 30 June		
Gross book value	2,428	2,402
Accumulated amortisation	(1,433)	(1,134)
Total intangible assets – net book value	995	1,268

Accounting policy

IT development and software

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

C1-8 Other

Other assets

	2023 \$ '000	2022 \$ '000
Prepayments	311	103
Total other assets	311	103

C2 Liabilities of Council

C2-1 Payables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Prepaid rates	620	–	548	–
Goods and services – operating expenditure	1,058	–	520	–
Goods and services – capital expenditure	439	–	888	–
Accrued expenses:				
– Salaries and wages	313	–	226	–
– Other expenditure accruals	1,805	–	581	–
Rural fire service liability	–	–	81	–
Security bonds, deposits and retentions	208	50	208	50
ATO – fringe benefits	89	–	25	–
Workers compensation	104	5	106	5
Other	27	–	12	–
Total payables	4,663	55	3,195	55

C2-1 Payables (continued)

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

	2023 \$ '000	2022 \$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	50	50
Total payables	50	50

Accounting policy

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

The financial liabilities of the Council comprise trade payables, accrued expenses and bonds for development applications.

The payables represent liabilities for goods and services provided to the 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

	Notes	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	7,088	–	4,464	–
Total contract liabilities		7,088	–	4,464	–

Notes

(i) Council has received funding to construct assets including roads 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.

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

	2023 \$ '000	2022 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,874	5,321
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,874	5,321

Significant changes in contract liabilities

Council has completed many grant funded projects throughout 2022/2023 as well as start other major capital projects supported by grant funding. Council is well underway in achieving their performance obligations.

C2-2 Contract Liabilities (continued)

Accounting policy

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of 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 Employee benefit provisions

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	795	–	795	–
Sick leave	200	–	187	–
Long service leave	1,743	144	1,712	141
Rostered Day Off leave	93	–	68	–
Time in lieu leave	8	–	11	–
Employee Leave Entitlements on-costs	140	5	140	5
Total employee benefit provisions	2,979	149	2,913	146

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

	2023 \$ '000	2022 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,749	2,215
	1,749	2,215

C2-3 Employee benefit provisions (continued)

Description of and movements in provisions

	ELE provisions					Total \$ '000
	Annual leave \$ '000	Sick leave \$ '000	Long service leave \$ '000	ELE on-costs \$ '000	Other employee benefits \$ '000	
2023						
At beginning of year	795	187	1,853	145	79	3,059
Additional provisions	171	111	121	–	22	425
Amounts used (payments)	(171)	(98)	(88)	–	–	(357)
Other	–	–	1	–	–	1
Total ELE provisions at end of year	795	200	1,887	145	101	3,128
2022						
At beginning of year	788	194	1,914	143	85	3,124
Additional provisions	495	259	51	2	125	932
Amounts used (payments)	(488)	(266)	(112)	–	(131)	(997)
Total ELE provisions at end of year	795	187	1,853	145	79	3,059

C2-3 Employee benefit provisions (continued)

Accounting policy

Provisions are recognised when Council has a present legal or constructive obligations 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 anyone item included in the same class of obligations may be small.

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

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 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.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

C2-4 Provisions

	2023 Current \$ '000	2023 Non-Current \$ '000	2022 Current \$ '000	2022 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	229	3,658	165	1,566
Total provisions	229	3,658	165	1,566

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

Other provisions

continued on next page ...

C2-4 Provisions (continued)

	Asset remediation \$ '000	Total \$ '000
2023		
At beginning of year	1,731	1,731
Changes to provision:		
– Revised costs	2,244	2,244
Unwinding of discount	(88)	(88)
Total other provisions at end of year	3,887	3,887
2022		
At beginning of year	3,154	3,154
Other	(1,423)	(1,423)
Total other provisions at end of year	1,731	1,731

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

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

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

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
Income from continuing operations			
Rates and annual charges	9,372	1,475	3,183
User charges and fees	4,152	1,510	242
Interest and investment revenue	883	145	113
Other revenues	789	62	32
Grants and contributions provided for operating purposes	13,336	45	37
Grants and contributions provided for capital purposes	5,395	—	—
Net gains from disposal of assets	250	—	—
Reversal of revaluation decrements on IPPE previously expensed	2,449	—	1,628
Total income from continuing operations	36,626	3,237	5,235
Expenses from continuing operations			
Employee benefits and on-costs	9,245	620	451
Materials and services	9,925	1,816	1,451
Depreciation, amortisation and impairment of non-financial assets	8,763	714	676
Other expenses	894	—	—
Total expenses from continuing operations	28,827	3,150	2,578
Net operating result for the year	7,799	87	2,657
Net operating result attributable to each council fund	7,799	87	2,657
Net operating result for the year before grants and contributions provided for capital purposes	2,404	87	2,657

D1-2 Statement of Financial Position by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	6,056	714	2,507
Investments	27,372	5,391	3,242
Receivables	2,375	469	226
Contract assets and contract cost assets	1,544	—	—
Other	274	37	—
Total current assets	37,621	6,611	5,975
Non-current assets			
Investments	6,000	—	—
Infrastructure, property, plant and equipment	420,768	42,782	34,841
Intangible assets	995	—	—
Total non-current assets	427,763	42,782	34,841
Total assets	465,384	49,393	40,816
LIABILITIES			
Current liabilities			
Payables	4,215	117	331
Contract liabilities	7,088	—	—
Employee benefit provision	2,979	—	—
Provisions	229	—	—
Total current liabilities	14,511	117	331
Non-current liabilities			
Payables	55	—	—
Employee benefit provision	149	—	—
Provisions	3,658	—	—
Total non-current liabilities	3,862	—	—
Total liabilities	18,373	117	331
Net assets	447,011	49,276	40,485
EQUITY			
Accumulated surplus	381,194	43,892	39,641
Revaluation reserves	65,817	5,384	844
Total equity	447,011	49,276	40,485

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

	Carrying value 2023 \$ '000	Carrying value 2022 \$ '000	Fair value 2023 \$ '000	Fair value 2022 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	9,277	7,616	9,206	7,616
Receivables	3,070	2,834	2,948	2,834
Investments				
– Debt securities at amortised cost	42,005	42,500	42,005	42,500
Total financial assets	54,352	52,950	54,159	52,950
Financial liabilities				
Payables	4,718	3,250	4,718	3,250
Total financial liabilities	4,718	3,250	4,718	3,250

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

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

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

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

(a) Market risk – interest rate and price risk

	2023 \$ '000	2022 \$ '000
The impact on result for the year and equity of a reasonably possible movement in 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	405	425
Impact of a 10% movement in price of investments		
– Equity / Income Statement	4,050	4,250

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2023				
Gross carrying amount	–	640	139	779
2022				
Gross carrying amount	–	614	111	725

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2022 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts 31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	Total \$ '000
2023						
Gross carrying amount	3,832	4	17	91	171	4,115

continued on next page ...

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

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
Expected loss rate (%)	1.30%	9.95%	5.96%	39.08%	47.85%	4.10%
ECL provision	50	–	1	36	82	169
2022						
Gross carrying amount	–	1,977	10	67	361	2,415
Expected loss rate (%)	5.65%	2.47%	2.47%	7.77%	52.50%	10.10%
ECL provision	111	–	–	5	190	306

(c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in:			Total contractual cash outflows \$ '000	Actual carrying values \$ '000
			≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000		
2023							
Payables	0.00%	258	4,455	5	–	4,718	4,718
Total financial liabilities		258	4,455	5	–	4,718	4,718
2022							
Payables	0.00%	258	2,987	5	–	3,250	3,250
Total financial liabilities		258	2,987	5	–	3,250	3,250

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

Fair value hierarchy

All assets and liabilities measured at fair value are 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

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

Fair value measurement hierarchy							
\$ '000	Notes	Date of latest valuation		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-6						
Plant and equipment		30/06/23	30/06/22	4,926	5,861	4,926	5,861
Office equipment		30/06/23	30/06/22	451	368	451	368
Furniture and fittings		30/06/23	30/06/22	51	28	51	28
Operational land		30/06/21	30/06/21	8,366	7,755	8,366	7,755
Community land		30/06/21	30/06/21	1,823	1,707	1,823	1,707
Crown land		30/06/21	30/06/21	5,205	4,874	5,205	4,874
Land improvements – depreciable		30/06/21	30/06/21	4,341	3,967	4,341	3,967
Buildings – non-specialised		29/02/20	29/02/20	14,205	12,623	14,205	12,623
Buildings – specialised		29/02/20	29/02/20	49,175	37,883	49,175	37,883
Other structures		29/02/20	29/02/20	19,548	17,901	19,548	17,901
Roads		29/02/20	29/02/20	186,565	184,184	186,565	184,184
Bridges		29/02/20	29/02/20	7,610	7,284	7,610	7,284
Footpaths and kerb and gutter		29/02/20	29/02/20	20,871	19,743	20,871	19,743
Other road assets		29/02/20	29/02/20	4,056	3,892	4,056	3,892
Bulk earthworks		29/02/20	29/02/20	37,937	33,842	37,937	33,842
Stormwater drainage		29/02/20	29/02/20	29,465	26,671	29,465	26,671
Water supply network		30/06/23	30/06/21	41,868	37,530	41,868	37,530
Sewerage network		01/06/22	01/06/22	34,534	32,325	34,534	32,325
Swimming pools		29/02/20	30/06/21	5,073	4,535	5,073	4,535
Other open spaces/recreational assets		30/06/21	30/06/21	10,879	9,747	10,879	9,747
Library books		30/06/21	30/06/21	169	137	169	137
Tip assets		29/02/20	29/02/20	3,622	1,566	3,622	1,566
Total infrastructure, property, plant and equipment				490,740	454,423	490,740	454,423

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Plant and Equipment - This class of asset category is not valued at fair value. The category is at depreciated historical cost, which approximates fair value.

Office Equipment - Same as Plant and Equipment above.

Furniture and Fittings - Same as Plant and Equipment above.

Operational Land - The latest valuation was conducted by APV Valuers during the 2020/21 financial year.

The valuation method used is in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines). Operational Land should be valued at market value after considering the buyers and sellers in the market and, where possible, include elements such as zoning limitations, alternative use and size of the land.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, PDSLIVE property searches, Benchmarking, APV database of recent projects and on-site visits.

Index of 6.80% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Community Land - The latest valuation was conducted by APV Valuers during the 2020/21 financial year.

The valuation method used is in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines). Council is unable to provide neither observable nor unobservable valuation techniques and therefore it is reported as a Level 3.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, PDSLIVE property searches, Benchmarking, APV database of recent projects and on-site visits.

Following advice from the NSW Audit Office, Council discounted the market value of Community Land to equal values from the Valuer General's office. This was done so as to cater for the restrictions that are on Community Land.

Index of 6.80% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Crown Land - Same as Community Land above.

Land Improvements (Depreciable) - The latest valuation was conducted by APV Valuers during the 2020/21 financial year. Council assessed no material movements in the fair value during the year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide, Benchmarking, APV database of recent projects and on-site visits.

Index average of 10.74% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Buildings (Non - Specialised) - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. To account for the movements in fair value due to the rise in the inflation rate during the year, Council applied an indexation rate of 10% on the fair values as at 30 June 2022.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately. This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

Index average of 8.33% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Buildings (Specialised) - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. To account for the movements in fair value due to the rise in the inflation rate during the year, Council applied an indexation rate of 10% on the fair values as at 30 June 2022.

Refer to Buildings (Non-Specialised) above for valuation method and data sources.

E2-1 Fair value measurement (continued)

Index average of 8.33% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Other Structures - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Council assessed no material movements in the fair value during the year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide, Benchmarking, APV database of recent projects and on-site visits.

Index average of 7.62% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Roads & Bulk Earthworks - The latest valuation was conducted by APV Valuers during the 2019/20 financial year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual construction or purchase prices, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

Index average of 9.08% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Bridges - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Roads above for valuation method and data sources.

Index average of 5.35% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Footpaths - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Roads above for valuation method and data sources.

Index average of 5.05% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Stormwater - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Roads above for valuation method and data sources.

Index average of 11.05% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Water Supply Network - The latest valuation was conducted by APV Valuers during the 2022/23 financial year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual construction or purchase prices, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

E2-1 Fair value measurement (continued)

Sewer Network - The latest valuation was conducted by APV Valuers during the year 2021/22 financial year, with an indexation rate of 7.71% applied to the asset values for the 2022/23 year in accordance with the NSW Rates Reference Manual issued by DPI- Water.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual construction or purchase prices, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

Swimming Pools - The latest valuation was conducted by APV Valuers during the 2020/21 financial year. Council assessed no material movements in the fair value during the year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

Index average of 8.73% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Other Open Spaces/ Recreational Assets - The latest valuation was conducted by APV Valuers during the 2020/21 financial year. Council assessed no material movements in the fair value during the year. Refer to Swimming Pools above for valuation method and data sources.

Index average of 10.43% during 2022/23 financial year to account for material increases in costs due to high inflation experienced in the 2022/23 financial year.

Library Books - Same as Plant and Equipment above.

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Work in progress	Cost approach	At cost.
Plant and equipment	Cost approach	Gross replacement cost, remaining useful life and residual value
Office equipment	Cost approach	Gross replacement cost, remaining useful life and residual value
Furniture and fittings	Cost approach	Gross replacement cost, remaining useful life and residual value
Operational land	Market value approach	Comparison to other similar land sales/property prices, use of land and land area.
Community land	Market value approach	Use of land, zoning conditions and unit rates per square metre
Crown land	Market value approach	Use of land, zoning conditions and unit rates per square metre

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Land improvements – depreciable	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Buildings – non specialised	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Buildings – specialised	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Other structures	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Roads	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Bridges	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Footpaths and kerb	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Bulk earthworks	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Other road assets	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Stormwater drainage	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Water supply network	Cost approach - depreciated replacement	Unit rate cost from market evidence, split between short and long life components, valuation profiles and consumption score.
Sewerage network	Cost approach - depreciated replacement	Unit rate cost from market evidence, split between short and long life components, valuation profiles and consumption score.
Swimming pools	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score.
Other open spaces/recreational assets	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score.
Library books	Cost approach	Gross replacement cost and remaining useful life
Other assets	Cost approach - depreciated replacement	Gross replacement cost and remaining useful life
Tip assets	Cost approach - depreciated replacement	Gross replacement cost and remaining useful life

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E2-1 Fair value measurement (continued)

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

	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	5,861	5,945	368	310	28	39	7,755	7,386
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B6-1)	–	–	–	–	–	–	–	369
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	–	–	533	–
Other movements								
Purchases	144	1,020	213	166	31	–	250	–
Disposals	(8)	(8)	–	(2)	–	–	(172)	–
Depreciation and impairment	(1,071)	(1,096)	(130)	(107)	(8)	(10)	–	–
Adjustments and transfers	–	–	–	1	–	(1)	–	–
Closing balance	4,926	5,861	451	368	51	28	8,366	7,755

	Community Land		Crown Land		Land improvements		Buildings non specialised	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	1,707	1,626	4,874	4,642	3,967	3,768	12,623	10,654
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B6-1)	116	81	–	232	–	–	–	57
Recognised in other comprehensive income – revaluation surplus	–	–	331	–	426	188	1,053	1,091
Other movements								
Purchases	–	–	–	–	71	125	818	1,082
Depreciation and impairment	–	–	–	–	(123)	(114)	(289)	(260)
Adjustments and transfers	–	–	–	–	–	–	–	(1)
Closing balance	1,823	1,707	5,205	4,874	4,341	3,967	14,205	12,623

E2-1 Fair value measurement (continued)

	Building specialised		Other structures		Roads		Bridges	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	37,883	33,897	17,901	17,077	184,183	177,034	7,285	7,090
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B6-1)	493	3,444	841	932	–	–	–	–
Recognised in other comprehensive income – revaluation surplus	2,666	–	523	–	11,176	2,883	390	79
Other movements								
Purchases	8,983	1,344	387	–	6,668	8,451	–	183
Depreciation and impairment	(850)	(803)	(104)	(108)	(15,463)	(4,185)	(65)	(69)
Adjustments and transfers	–	1	–	–	1	–	–	2
Closing balance	49,175	37,883	19,548	17,901	186,565	184,183	7,610	7,285

	Footpaths		Bulk earthworks		Other road assets		Stormwater drainage	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	19,743	17,501	33,842	33,136	3,892	3,853	26,671	25,261
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B6-1)	998	271	–	–	–	–	–	–
Recognised in other comprehensive income – revaluation surplus	–	–	4,095	566	233	23	2,947	663
Other movements								
Purchases	480	2,293	–	141	–	82	234	1,113
Depreciation and impairment	(350)	(322)	–	–	(69)	(66)	(387)	(367)
Adjustments and transfers	–	–	–	(1)	–	–	–	1
Closing balance	20,871	19,743	37,937	33,842	4,056	3,892	29,465	26,671

E2-1 Fair value measurement (continued)

	Water supply network		Sewerage network		Swimming pools		Other open spaces	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	37,530	35,135	32,325	32,421	4,535	4,218	9,747	8,404
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B6-1)	–	1,316	1,628	331	–	27	–	–
Recognised in other comprehensive income – revaluation surplus	4,663	696	844	–	396	208	1,016	730
Other movements								
Purchases	388	758	413	709	243	172	539	981
Depreciation and impairment	(713)	(787)	(676)	(724)	(101)	(91)	(423)	(369)
Adjustments and transfers	–	412	–	(412)	–	1	–	1
Closing balance	41,868	37,530	34,534	32,325	5,073	4,535	10,879	9,747

	Library books		Tip assets		Total	
	2023	2022	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	137	105	1,566	3,154	454,423	432,656
Recognised in profit or loss – realised (refer to Note B6-1)	–	–	–	–	4,076	7,060
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	31,292	7,127
Purchases	40	39	–	–	19,902	18,659
Disposals	–	–	–	–	(180)	(10)
Depreciation and impairment	(8)	(6)	(100)	(165)	(20,930)	(9,649)
Adjustments and transfers	–	(1)	2,156	(1,423)	2,157	(1,420)
Closing balance	169	137	3,622	1,566	490,740	454,423

Highest and best use

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

E3-1 Contingencies

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

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

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

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

*For 180 Point Members, Employers are required to contribute 8.0% salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of total past service contributions of \$20.0 million per annum for 1 July 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used 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.

As stated 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.

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 entity.

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

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

The plan is a defined benefit plan. However, 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). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note B3-1 for the year ending 30 June 2022 was \$90,763.60.

The last valuation of the scheme was performed by Mr Richard Boyfield FIAA as at 30 June 2022.

Council's expected contribution to the Fund for the next annual reporting period is \$96,032.52.

E3-1 Contingencies (continued)

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

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

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

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

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

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

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

Council's past service contribution per annum of 0.30% of the total past services contributions for all Pooled Employers (of \$20 million for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of Council 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.

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

The future realisation and finalisation of claims incurred but not reported to 30 June 2022 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

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.

(v) Third party claims

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

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

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

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

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

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

continued on next page ...

E3-1 Contingencies (continued)

ASSETS NOT RECOGNISED

(i) Land under roads

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2023 \$ '000	2022 \$ '000
Compensation:		
Short-term benefits	872	929
Post-employment benefits	78	–
Other long-term benefits	92	84
Total	1,042	1,013

F1-2 Councillor and Mayoral fees and associated expenses

	2023	2022
	\$ '000	\$ '000

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	28	26
Councillors' fees	113	105
Other Councillors' expenses (including Mayor)	79	63
Total	220	194

F1-3 Other related parties

		Transactions during the year \$ '000 Ref	Outstanding balances including commitments \$ '000	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2023					
Other	1	3	—	—	—
2022					
Infrastructure works		115	—	—	—
Other	1	200	—	—	—

1 Transaction provided for training 2023.

Two family members of different KMP work for council and they have not received any payments other than remuneration in terms of their employment contract \$182,241.19 in 2022.

F2 Other relationships

F2-1 Audit fees

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

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

Total audit fees

132	86
132	86

G Other matters

G1-1 Statement of Cash Flows information

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

	2023 \$ '000	2022 \$ '000
Net operating result from Income Statement	10,543	19,003
Add / (less) non-cash items:		
Depreciation and amortisation	10,153	9,886
(Gain) / loss on disposal of assets	(250)	(191)
Non-cash distribution from dissolution of Associate	–	385
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L	(4,077)	(7,062)
Unwinding of discount rates on reinstatement provisions	(88)	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(390)	(275)
Increase / (decrease) in provision for impairment of receivables	154	7
(Increase) / decrease of other current assets	(208)	(6)
(Increase) / decrease of contract asset	(1,544)	–
Increase / (decrease) in payables	538	194
Increase / (decrease) in other accrued expenses payable	1,311	79
Increase / (decrease) in other liabilities	68	(39)
Increase / (decrease) in contract liabilities	2,624	(1,260)
Increase / (decrease) in employee benefit provision	69	(64)
Increase / (decrease) in other provisions	2,244	(1,423)
Net cash flows from operating activities	21,147	19,234

(b) Non-cash investing and financing activities

Non-cash distribution from dissolution of Central Murray County Council (CMCC)	–	(385)
Total non-cash investing and financing activities	–	(385)

G2-1 Commitments

Capital commitments (exclusive of GST)

	2023	2022
	\$ '000	\$ '000

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

Property, plant and equipment

Buildings	2,008	2,906
Open space and recreational assets	–	309
Water infrastructure	48	96
Sewer infrastructure	161	182
Roads	74	1,321
Motor vehicles and major plant acquisitions	–	1
ERC Merger projects	–	28
Swimming Pools	13	–
Other Infrastructure	5	–
Total commitments	2,309	4,843

These expenditures are payable as follows:

Within the next year	2,309	4,843
Total payable	2,309	4,843

Details of capital commitments

Commitments exist for various projects including the Edward River Village, Airport Runway upgrade, roads, water and sewer projects.

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2023

G4-1 Summary of developer contributions

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Roads	11	—	—	—	—	—	—	11	—
Parking	8	—	—	—	—	—	—	8	—
Open space	4	—	—	—	—	—	—	4	—
Community facilities	9	82	—	—	—	(82)	—	9	—
Other	1	—	—	—	—	—	—	1	—
S7.11 contributions – under a plan	33	82	—	—	—	(82)	—	33	—
Total S7.11 and S7.12 revenue under plans	33	82	—	—	—	(82)	—	33	—
S7.11 not under plans	6	—	—	—	—	—	—	6	—
Total contributions	39	82	—	—	—	(82)	—	39	—

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

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year		Non-cash Other \$ '000	Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000						
CONTRIBUTION PLAN (former Deniliquin)									
Roads	11	-	-	-	-	-	-	11	-
Parking	8	-	-	-	-	-	-	8	-
Open space	4	-	-	-	-	-	-	4	-
Community facilities	9	82	-	-	-	(82)	-	9	-
Other	1	-	-	-	-	-	-	1	-
Total	33	82	-	-	-	(82)	-	33	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 20222021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	975	2.76%	10.97%	2.04%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	35,376				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	21,958	53.86%	49.57%	58.50%	> 60.00%
Total continuing operating revenue ¹	40,771				
3. Unrestricted current ratio					
Current assets less all external restrictions	28,985	5.22x	5.54x	5.66x	> 1.50x
Current liabilities less specific purpose liabilities	5,552				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11,128	∞	∞	∞	> 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	1,011	6.70%	6.20%	6.97%	< 10.00%
Rates and annual charges collectable	15,084				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	51,282	23.91	27.97	32.19	> 3.00
Monthly payments from cash flow of operating and financing activities	2,145	months	months	months	months

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(6.58)%	0.04%	2.69%	43.66%	50.75%	32.80%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	42.01%	35.84%	98.61%	99.28%	99.29%	99.06%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	6.30x	5.53x	56.50x	69.39x	18.05x	36.43x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	∞	∞	∞	∞	∞	∞	> 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	9.70%	8.91%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	22.40 months	25.61 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G6-1 above.

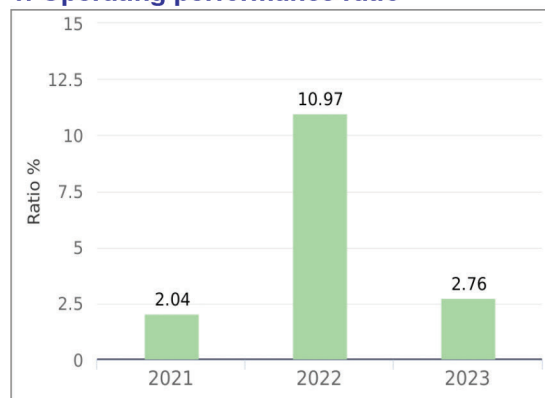
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 2.76%

Council's operating performance ratio is again in the positive. Factors keeping the high positive ratio is from the Financial Assistance Grant prepayment portion being increased to approximately 100% from 75% the previous year. In addition, an increase in operational grants to help with repairs due to flooding and the increase in term deposit interest rates have also had an impact.

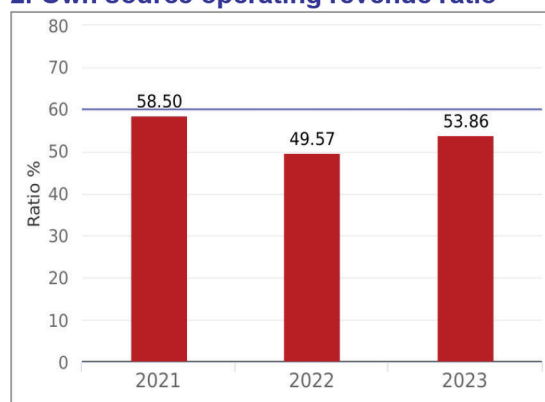
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 53.86%

Council has been successful in acquiring grants to help fund natural disasters within the Edward River community. During the financial year Edward River encountered a major flooding event causing damage particularly to the road's infrastructure. The advanced payment of the financial assistance grant was also increased from the previous year from 75% to almost 100% of the 2023/24 financial year allocation.

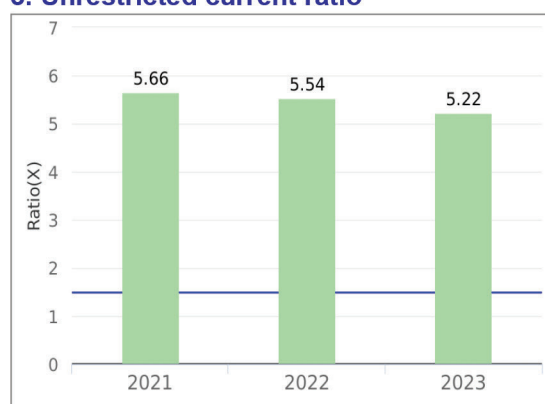
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 5.22x

Council has consistently managed to maintain its unrestricted current ratio above the benchmark over the years. This highlights its capacity to meet short term obligations as and when they arise. Council is in a very strong liquidity position, with unrestricted current assets able to cover current liabilities more than six times.

Benchmark: — > 1.50x

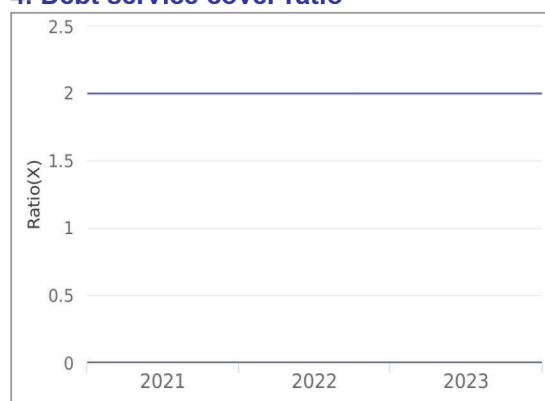
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio ∞

Council did not have any borrowings during the year ending 30 June 2023

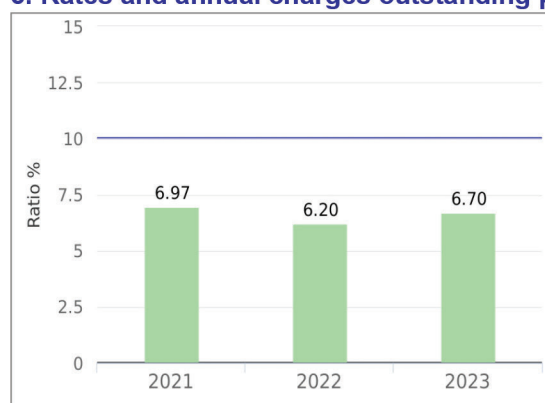
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 6.70%

The Rates and annual charges outstanding percentage normalised from a peak of 10.62% in 2020 to be 6.7% for 2023. This was due to normalisation of debt recovery processes following the initial worsening situation as a result of the onset of the Covid-19 pandemic in 2020. The ratio as anticipated has settled around the 6%, which is well within the Rural councils benchmark of 10%.

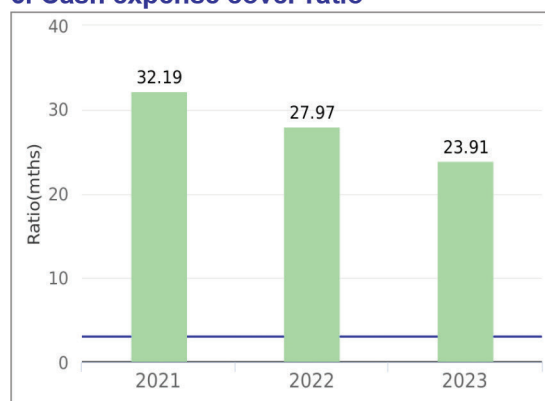
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 23.91 months

Similar to the unrestricted current ratio, Council has a very strong liquidity position. Council's outstanding cash expense ratio shows that cash balances are sufficient to support its short-term operations for more than 30 months.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

180 Cressy Street
Deniliquin NSW 2710

Contact details**Mailing Address:**

PO Box 270
Deniliquin NSW 2710

Telephone: 03 5898 3000

Facsimile: 03 5898 3029

Opening hours:

8.30am to 5.00pm
Monday to Friday

Internet: www.edwardriver.nsw.gov.au

Email: council@edwardriver.nsw.gov.au

Officers**General Manager**

Philip Stone

Responsible Accounting Officer

Alistair Cochrane

Auditors

Audit Office NSW
Level 19, Tower 2 Darling Park
201 Sussex St
Sydney NSW 2000

Elected members**Mayor**

Cr Peta Betts

Councillors

Cr Paul Fellows - Deputy Mayor
Cr Shirlee Burge
Cr Harold Clapham
Cr Linda Fawns
Cr Pat Fogarty
Cr Tarria Moore
Cr Marc Petersen
Cr Shannon Sampson

Other information

ABN: 90 407 359 958



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Edward River Council

To the Councillors of Edward River Council

Qualified Opinion

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

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

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

Basis for Qualified Opinion

Non recognition of rural fire-fighting equipment

As disclosed in Note C1-6 'Infrastructure, property, plant and equipment' to the financial statements, the Council has not recognised rural fire-fighting equipment as assets in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 April 2012
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

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

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

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2023
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Min Lee
Delegate of the Auditor-General for New South Wales

26 October 2023
SYDNEY



Mrs Peta Betts
Mayor
Edward River Council
PO BOX 270
DENILIKUIN NSW 2710

Contact: Min Lee
Phone no: 02 9275 7151
Our ref: R008-16585809-46519

26 October 2023

Dear Mrs Betts

Report on the Conduct of the Audit for the year ended 30 June 2023 Edward River Council

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

I expressed a modified opinion on the Council's GPFS.

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Modification to the opinion in the Independent Auditor's Report

Rural fire-fighting equipment not recognised in the financial statements

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

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

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

- these assets are vested in the Council under section 119(2) of the Rural Fires Act 1997 (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 28 June 2013

- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

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

Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2023 financial statements.

INCOME STATEMENT

Operating result

	2023 \$m	2022 \$m	Variance %
Rates and annual charges revenue	14.0	13.7	2.2
Grants and contributions revenue	18.8	20	6.0
Operating result from continuing operations	10.5	19	44.7
Net operating result before capital grants and contributions	5.1	10.2	50.0

The Council's operating result from continuing operations (\$10.5 million including the depreciation and a amortisation expense of \$10.2 million) was \$8.5 million lower than the 2021–22 result. This was due to an increase in expenditure for maintenance and repairs of the road network due to a flooding event in 2022.

The net operating result before capital grants and contributions (\$5.1 million) was \$5.1 million lower than the 2021–22 result. This is relatively consistent with the overall reduction in operating result.

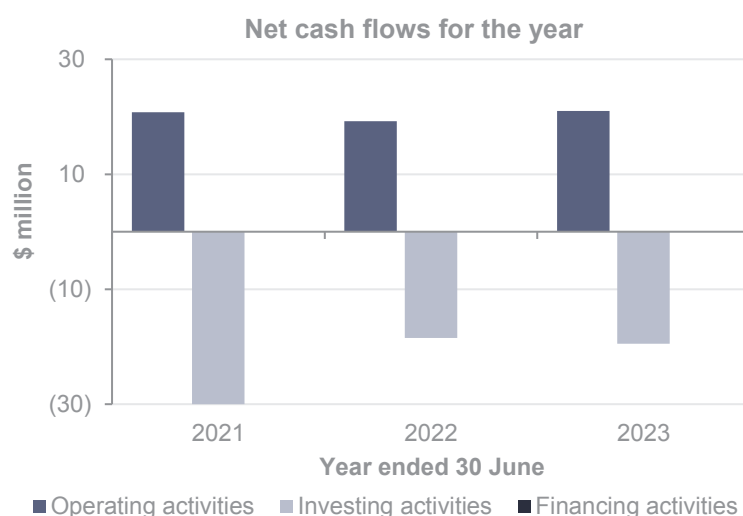
Rates and annual charges revenue (\$14 million) increased by \$0.3 million (2.2 per cent) in 2022-23 mainly due to the rate peg of 0.7% applied to all notional rates and increased sewerage management annual charges.

Grants and contributions revenue (\$18.8 million) decreased by \$1.2 million (6.0 per cent) in 2022–23 due to:

- \$2.4 million decrease in Transport for NSW capital grants recognised during the year
- Offset by a \$0.68 million increase in funding for recreation and culture and \$0.5 million for Local roads component from the financial assistance grant.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$9.3 million (\$7.6 million for the year ended 30 June 2022). There was a net increase in cash and cash equivalents of \$1.7 million during the 2022-23 financial year.
- Net cash provided by operating activities has increased by \$1.9 million. This is due to the \$5.7 million increase in receipts of rates and annual charges, user charges and fees, grants and contributions and other revenue. This is offset by net increase in payments for materials and service and other expenses of \$3.8 million.
- Net cash used in investing activities has increased by \$1 million mainly due to an increase in the purchase of IPPE.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	51.3	50.1	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$2.8 million is mainly due to the \$2.2 million increase in specific purpose grants. • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of work and any forward plans identified by Council. The increase of \$8.7 million is mainly due to the \$7 million increase linked to the advance payment of the financial assistance grant and \$2.6 million Conargo Hall Committee Bequest.
Restricted cash and investments:			
• External restrictions	24.0	19.3	
• Internal restrictions	16.6	7.9	

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, Industry and Environment.

Operating performance ratio

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

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



Own source operating revenue ratio

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

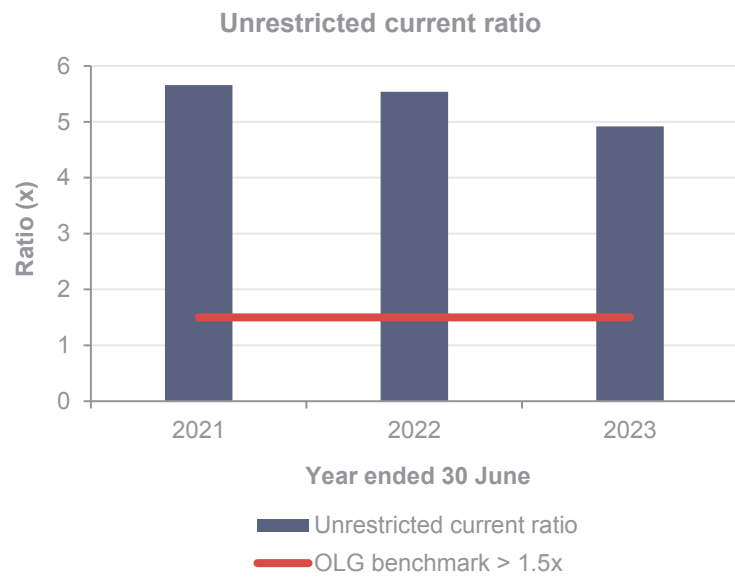
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

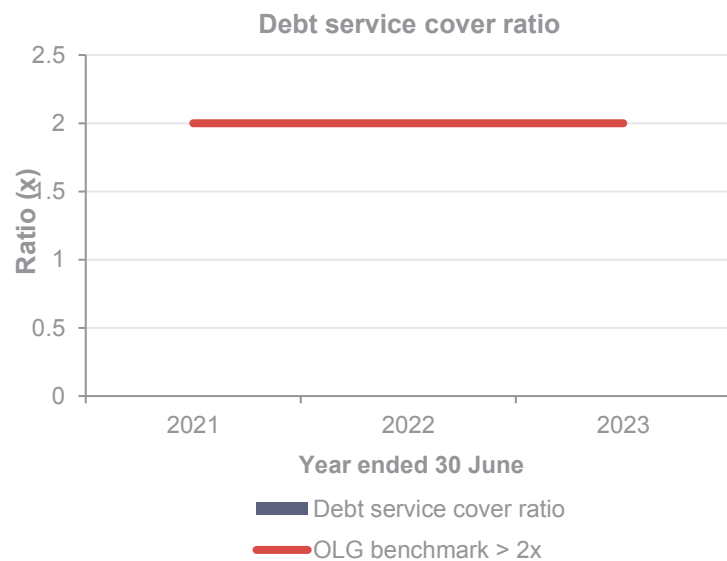
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The '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.

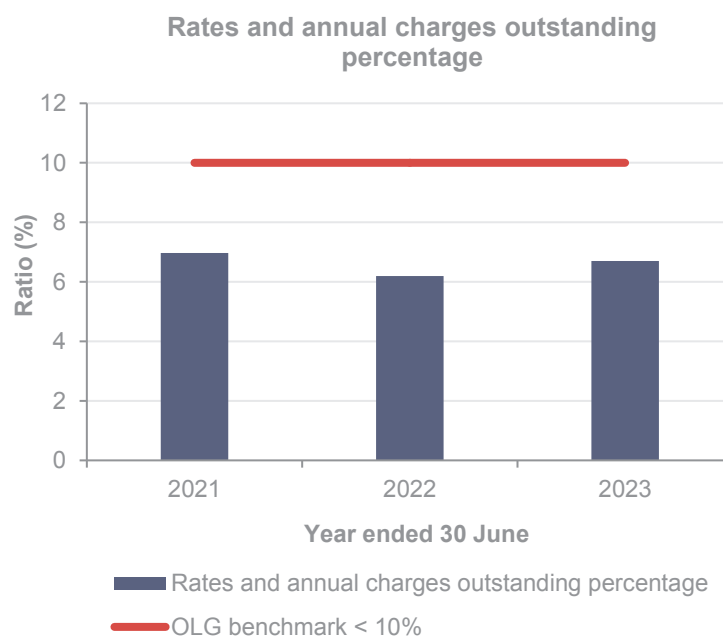
Council currently do not have any borrowings.



Rates and annual charges outstanding percentage

The Council met the OLG benchmark for the current period.

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



Cash expense cover ratio

The Council met the OLG benchmark for the current period.

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



Infrastructure, property, plant and equipment renewals

The Council renewed \$21.7 million of assets in the 2022-23 financial year, compared to \$12.9 million of assets in the 2021-22 financial year. A key area in 2023 was an increase in \$8.2 million of buildings based renewals.

OTHER MATTERS

Legislative compliance

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

Except for the matter outlined above the Council's:

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



Min Lee
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Philip Stone, Chief Executive Officer
Mr Peter Rae, Chair of Audit, Risk and Improvement Committee

Edward River Council

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2023



Special Purpose Financial Statements

for the year ended 30 June 2023

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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).

Edward River Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

- 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 17 October 2023.



Peta Betts
Mayor
17 October 2023



Paul Fellows
Deputy Mayor
17 October 2023



Philip Stone
General Manager
17 October 2023



Belinda Langlands
Responsible Accounting Officer
17 October 2023

Edward River Council

Income Statement of water supply business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	1,475	1,429
User charges	1,510	1,613
Interest and investment income	145	52
Grants and contributions provided for operating purposes	45	37
Reversal of revaluation decrements of IPPE previously expensed	–	2,039
Other income	62	–
Total income from continuing operations	3,237	5,170
Expenses from continuing operations		
Employee benefits and on-costs	620	547
Materials and services	1,816	1,577
Depreciation, amortisation and impairment	714	789
Total expenses from continuing operations	3,150	2,913
Surplus (deficit) from continuing operations before capital amounts	87	2,257
Surplus (deficit) from continuing operations after capital amounts	87	2,257
Surplus (deficit) from all operations before tax	87	2,257
Less: corporate taxation equivalent (25%) [based on result before capital]	(22)	(564)
Surplus (deficit) after tax	65	1,693
Plus opening accumulated surplus	43,805	41,548
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	22	564
Closing accumulated surplus	43,892	43,805
Return on capital %	0.2%	6.3%
Subsidy from Council	1,633	–
Calculation of dividend payable:		
Surplus (deficit) after tax	65	1,693
Less: capital grants and contributions (excluding developer contributions)	45	–
Surplus for dividend calculation purposes	110	1,693
Potential dividend calculated from surplus	55	847

Edward River Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	3,183	3,086
User charges	236	237
Fees	6	12
Interest and investment income	113	42
Grants and contributions provided for operating purposes	37	32
Other income	32	–
Reversal of revaluation decrements of IPPE previously expensed	1,628	–
Total income from continuing operations	5,235	3,409
Expenses from continuing operations		
Employee benefits and on-costs	451	371
Materials and services	1,451	1,195
Depreciation, amortisation and impairment	676	725
Total expenses from continuing operations	2,578	2,291
Surplus (deficit) from continuing operations before capital amounts	2,657	1,118
Surplus (deficit) from continuing operations after capital amounts	2,657	1,118
Surplus (deficit) from all operations before tax	2,657	1,118
Less: corporate taxation equivalent (25%) [based on result before capital]	(664)	(280)
Surplus (deficit) after tax	1,993	838
Plus opening accumulated surplus	36,984	35,866
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	664	280
Closing accumulated surplus	39,641	36,984
Return on capital %	7.6%	3.5%
Subsidy from Council	–	52
Calculation of dividend payable:		
Surplus (deficit) after tax	1,993	838
Less: capital grants and contributions (excluding developer contributions)	37	–
Surplus for dividend calculation purposes	2,030	838
Potential dividend calculated from surplus	1,015	419

Edward River Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	714	2,095
Investments	5,391	5,391
Receivables	469	393
Other	37	31
Total current assets	6,611	7,910
Non-current assets		
Infrastructure, property, plant and equipment	42,782	36,009
Total non-current assets	42,782	36,009
Total assets	49,393	43,919
LIABILITIES		
Current liabilities		
Payables	117	114
Total current liabilities	117	114
Total liabilities	117	114
Net assets	49,276	43,805
EQUITY		
Accumulated surplus	43,892	43,805
Revaluation reserves	5,384	—
Total equity	49,276	43,805

Edward River Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	2,507	2,119
Investments	3,242	3,242
Receivables	226	140
Total current assets	5,975	5,501
Non-current assets		
Infrastructure, property, plant and equipment	34,841	31,965
Total non-current assets	34,841	31,965
Total assets	40,816	37,466
LIABILITIES		
Current liabilities		
Payables	331	151
Total current liabilities	331	151
Total liabilities	331	151
Net assets	40,485	37,315
EQUITY		
Accumulated surplus	39,641	36,984
Revaluation reserves	844	331
Total equity	40,485	37,315

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water business activity

b. Sewer business activity

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):

Notional rate applied (%)

Corporate income tax rate – 25%

continued on next page ...

Note – Significant Accounting Policies (continued)

Land tax – the first \$734,000 of combined land values attracts **0%**. For the combined land values in excess of \$734,001 up to \$4,488,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,488,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$900,000.

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

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

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

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

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 not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Note – Significant Accounting Policies (continued)

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 4.02% at 30/6/23.

(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 Department of Industry – Water 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 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Edward River Council

To the Councillors of Edward River Council

Opinion

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to be 'Min Lee'.

Min Lee
Delegate of the Auditor-General for New South Wales

26 October 2023
SYDNEY

Edward River Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



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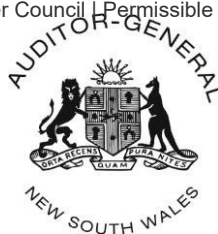
Edward River Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	7,769	7,933
Plus or minus adjustments ²	b	7	30
Notional general income	c = a + b	7,776	7,963
Permissible income calculation			
Or rate peg percentage	e	2.00%	4.40%
Or plus rate peg amount	i = e x (c + g)	156	350
Sub-total	k = (c + g + h + i + j)	7,932	8,313
Plus (or minus) last year's carry forward total	l	—	1
Less valuation objections claimed in the previous year	m	—	(2)
Sub-total	n = (l + m)	—	(1)
Total permissible income	o = k + n	7,932	8,312
Less notional general income yield	p	7,933	8,310
Catch-up or (excess) result	q = o - p	(1)	2
Plus income lost due to valuation objections claimed ⁴	r	2	—
Carry forward to next year ⁶	t = q + r + s	1	2

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) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Edward River Council

To the Councillors of Edward River Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Min Lee
Delegate of the Auditor-General for New South Wales

26 October 2023
SYDNEY

Edward River Council

Report on infrastructure assets as at 30 June 2023

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	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	252	252	476	577	14,205	19,225	49.0%	26.0%	17.0%	5.0%	3.0%
	Buildings – specialised	1,840	1,840	–	–	49,175	74,607	27.0%	32.0%	26.0%	8.0%	7.0%
	Sub-total	2,092	2,092	476	577	63,380	93,832	31.5%	30.8%	24.2%	7.4%	6.1%
Other structures	Other structures	16	16	–	–	19,548	22,785	24.0%	57.0%	18.0%	1.0%	0.0%
	Sub-total	16	16	–	–	19,548	22,785	24.0%	57.0%	18.0%	1.0%	0.0%
Roads	Sealed roads	3,402	3,402	1,147	1,637	175,259	273,741	50.0%	24.0%	16.0%	6.0%	4.0%
	Unsealed roads	1,612	1,612	1,106	1,205	11,306	29,244	19.0%	12.0%	25.0%	29.0%	15.0%
	Bridges	–	–	5	1	7,610	11,453	11.0%	66.0%	23.0%	0.0%	0.0%
	Footpaths and kerb and gutter	516	516	72	70	20,871	30,955	37.0%	29.0%	25.0%	7.0%	2.0%
	Other road assets	44	44	117	131	4,056	5,174	60.0%	30.0%	3.0%	7.0%	0.0%
	Bulk earthworks	–	–	–	–	37,937	37,937	25.0%	15.0%	60.0%	0.0%	0.0%
	Sub-total	5,574	5,574	2,447	3,044	257,039	388,504	43.2%	23.9%	21.7%	7.1%	4.1%
Water supply network	Water supply network	1,319	1,319	2,075	2,281	41,868	69,499	10.0%	25.0%	40.0%	24.0%	1.0%
	Sub-total	1,319	1,319	2,075	2,281	41,868	69,499	10.0%	25.0%	40.0%	24.0%	1.0%
Sewerage network	Sewerage network	5,384	5,384	1,763	1,929	34,534	64,836	23.0%	20.0%	16.0%	21.0%	20.0%
	Sub-total	5,384	5,384	1,763	1,929	34,534	64,836	23.0%	20.0%	16.0%	21.0%	20.0%
Stormwater drainage	Stormwater drainage	216	216	354	225	29,465	44,169	20.0%	71.0%	0.0%	0.0%	9.0%
	Sub-total	216	216	354	225	29,465	44,169	20.0%	71.0%	0.0%	0.0%	9.0%

Edward River Council

Report on infrastructure assets as at 30 June 2023 (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	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Open space / recreational assets	Swimming pools	48	48	115	72	5,073	6,554	70.0%	22.0%	5.0%	1.0%	2.0%
	Other open space/ recreational	166	166	1,047	1,141	10,879	14,966	50.0%	34.0%	7.0%	8.0%	1.0%
	Sub-total	214	214	1,162	1,213	15,952	21,520	56.1%	30.3%	6.4%	5.9%	1.3%
Total – all assets		14,815	14,815	8,277	9,269	461,786	705,145	34.8%	28.8%	21.4%	9.4%	5.6%

(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

Edward River Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	17,839	400.79%	158.50%	141.50%	> 100.00%
Depreciation, amortisation and impairment	4,451				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	14,815	3.16%	1.87%	1.99%	< 2.00%
Net carrying amount of infrastructure assets	469,437				
Asset maintenance ratio					
Actual asset maintenance	9,269	111.99%	95.99%	94.24%	> 100.00%
Required asset maintenance	8,277				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	14,815	2.10%	1.36%	1.42%	
Gross replacement cost	705,145				

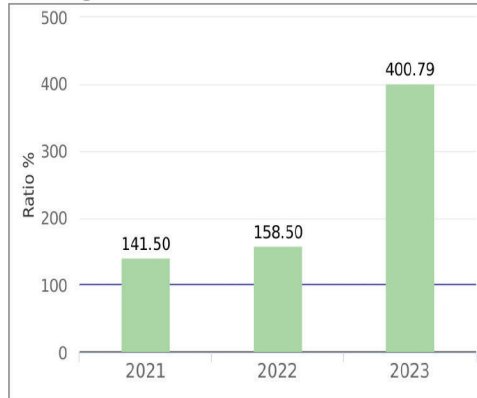
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Edward River Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result

22/23 ratio 400.79%

Council completed a few major renewal projects during the financial year adding to the significant increase in the ratio.

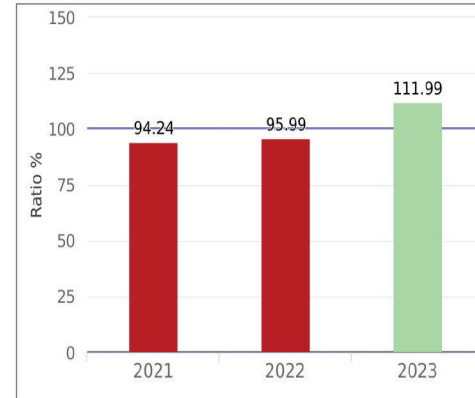
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result

22/23 ratio 111.99%

Council invested enough funds into the maintenance of assets during the year.

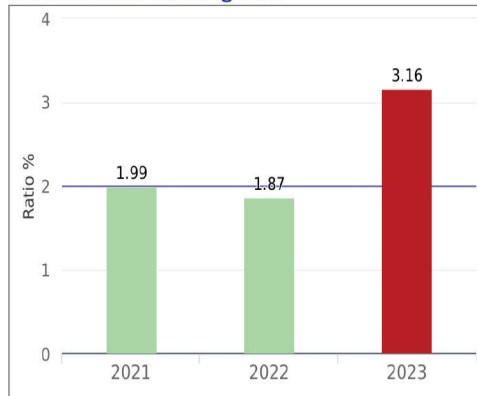
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result

22/23 ratio 3.16%

Councils' infrastructure backlog ratio has increased due to a major flooding event mainly affecting the road infrastructure as well as an ongoing review of Councils' assets and asset management plans.

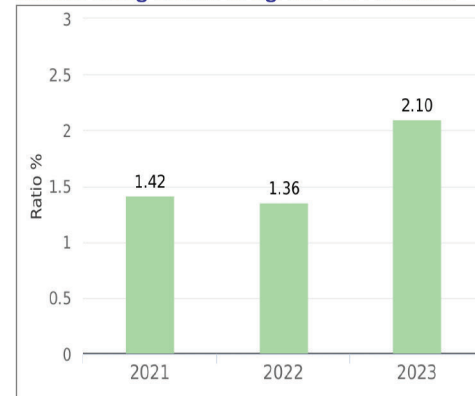
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result

22/23 ratio 2.10%

Council continues to invest to achieve the agreed service levels.

Edward River Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	364.54%	155.86%	47.69%	0.00%	(42.23)%	0.00%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	2.06%	1.84%	3.15%	2.06%	15.59%	2.01%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	113.97%	95.77%	109.93%	98.12%	109.42%	94.61%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.42%	1.42%	1.90%	1.19%	8.30%	1.09%	
Gross replacement cost							

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



EDWARD RIVER COUNCIL
ANNUAL REPORT 2022-2023

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