

Walcha Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Walcha Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

2W Hamilton Street
Walcha NSW 2354

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.walcha.nsw.gov.au.

Walcha 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.



WALCHA 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 (as amended)

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

- *The Local Government Act 1993* (as amended) and the Regulations made thereunder;
- The Local Government Code of Accounting Practice and Financial Reporting; and
- The Australian Accounting Standards and professional pronouncements.

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

- Present fairly the Council's financial position and operating result for the year, and
- Accord with Council's accounting and other records

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

Signed in accordance with a resolution of Council made on 30 August 2023.

Handwritten signature of Clr Eric Noakes in blue ink.

Clr Eric Noakes

MAYOR

Handwritten signature of Clr Scott Kermode in blue ink.

Clr Scott Kermode

DEPUTY MAYOR

Handwritten signature of Phillip Hood in blue ink.

Phillip Hood

GENERAL MANAGER

Handwritten signature of Rosemary Strobel in blue ink.

Rosemary Strobel

RESPONSIBLE ACCOUNTING OFFICER

Walcha 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			
5,466	Rates and annual charges	B2-1	5,571	5,279
4,268	User charges and fees	B2-2	4,649	4,572
309	Other revenues	B2-3	577	530
5,477	Grants and contributions provided for operating purposes	B2-4	11,163	8,753
19,855	Grants and contributions provided for capital purposes	B2-4	9,260	6,801
9	Interest and investment income	B2-5	691	53
69	Other income	B2-6	84	72
35,453	Total income from continuing operations		31,995	26,060
	Expenses from continuing operations			
5,915	Employee benefits and on-costs	B3-1	6,529	6,524
6,223	Materials and services	B3-2	9,005	7,880
85	Borrowing costs	B3-3	361	81
4,211	Depreciation, amortisation and impairment of non-financial assets	B3-4	4,699	4,092
322	Other expenses	B3-5	401	356
–	Net loss from the disposal of assets	B4-1	1,646	602
16,756	Total expenses from continuing operations		22,641	19,535
18,697	Operating result from continuing operations		9,354	6,525
18,697	Net operating result for the year attributable to Council		9,354	6,525
(1,158)	Net operating result for the year before grants and contributions provided for capital purposes		94	(276)

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

Walcha 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		9,354	6,525
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>28,216</u>	41,044
Total items which will not be reclassified subsequently to the operating result		28,216	41,044
Total other comprehensive income for the year		28,216	41,044
Total comprehensive income for the year attributable to Council		37,570	47,569

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

Walcha Council

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	2,255	8,116
Investments	C1-2	14,021	5,406
Receivables	C1-4	1,904	2,276
Inventories	C1-5	232	274
Contract assets and contract cost assets	C1-6	3,029	3,032
Total current assets		21,441	19,104
Non-current assets			
Receivables	C1-4	4	7
Infrastructure, property, plant and equipment (IPPE)	C1-7	506,646	477,641
Right of use assets	C2-1	55	55
Total non-current assets		506,705	477,703
Total assets		528,146	496,807
LIABILITIES			
Current liabilities			
Payables	C3-1	2,137	1,842
Contract liabilities	C3-2	4,920	6,735
Lease liabilities	C2-1	21	16
Borrowings	C3-3	176	79
Employee benefit provisions	C3-4	1,880	2,040
Provisions	C3-5	195	177
Total current liabilities		9,329	10,889
Non-current liabilities			
Payables	C3-1	13	10
Lease liabilities	C2-1	18	31
Borrowings	C3-3	405	58
Employee benefit provisions	C3-4	148	67
Provisions	C3-5	4,050	9,139
Total non-current liabilities		4,634	9,305
Total liabilities		13,963	20,194
Net assets		514,183	476,613
EQUITY			
Accumulated surplus		186,205	176,851
IPPE revaluation reserve	C4-1	327,978	299,762
Council equity interest		514,183	476,613
Total equity		514,183	476,613

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

Walcha 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		176,851	299,762	476,613	170,326	258,718	429,044
Opening balance		176,851	299,762	476,613	170,326	258,718	429,044
Net operating result for the year		9,354	–	9,354	6,525	–	6,525
Net operating result for the period		9,354	–	9,354	6,525	–	6,525
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	28,216	28,216	–	41,044	41,044
Other comprehensive income		–	28,216	28,216	–	41,044	41,044
Total comprehensive income		9,354	28,216	37,570	6,525	41,044	47,569
Closing balance at 30 June		186,205	327,978	514,183	176,851	299,762	476,613

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

Walcha Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
5,466	Rates and annual charges		5,504	5,233
4,268	User charges and fees		5,053	5,020
9	Investment revenue and interest		762	54
25,333	Grants and contributions		19,039	22,290
69	Other		2,622	2,659
<i>Payments:</i>				
(5,915)	Payments to employees		(6,636)	(6,623)
(6,223)	Payments for materials and services		(11,342)	(10,589)
(85)	Borrowing costs		(8)	(15)
–	Other		(128)	(349)
22,922	Net cash flows from operating activities	G1-1	14,866	17,680
Cash flows from investing activities				
<i>Receipts:</i>				
229	Proceeds from sale of IPPE		217	91
<i>Payments:</i>				
–	Acquisition of term deposits		(8,615)	(1,559)
(23,352)	Payments for IPPE		(12,749)	(9,717)
(23,123)	Net cash flows from investing activities		(21,147)	(11,185)
Cash flows from financing activities				
<i>Receipts:</i>				
780	Borrowings and advances		523	–
<i>Payments:</i>				
(256)	Borrowings and advances		(79)	(89)
–	Principal component of lease payments		(24)	(19)
524	Net cash flows from financing activities		420	(108)
323	Net change in cash and cash equivalents		(5,861)	6,387
8,116	Cash and cash equivalents – beginning of year		8,116	1,729
8,439	Cash and cash equivalents at end of year	C1-1	2,255	8,116
8,506	plus: Investments on hand at end of year	C1-2	14,021	5,406
16,945	Total cash, cash equivalents and investments		16,276	13,522

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

Walcha 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 30 August 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

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

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 and investment property.

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council’s accounting policies

- (i) Impairment of receivables

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

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

- General Purpose Operations
- Water Service
- Sewerage Service

The Trust Fund

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

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

Council currently has no monies held in Trust.

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 recognise services provided by volunteers in its income statement due to the immateriality and unjustifiable cost of trying to reliably capture and assign a value to the many services that volunteers in our community provide.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current; and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

Standard AASB 2020-1 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.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

This Standard amends a number of standards as follows:

AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;

AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;

AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;

AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and

AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Above amendments might result in reductions in quantum of accounting policies disclosures to focus on key decision areas and material policies only. Council does not expect any material impact on reported financial performance or position.

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

Apart from the standards listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

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

New accounting standards adopted during the year

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

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

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Functions or activities										
Administration	534	242	1,474	1,122	(940)	(880)	–	6	24,384	18,516
Public Order & Safety	261	80	476	426	(215)	(346)	254	76	1,248	1,102
Health	1	–	8	20	(7)	(20)	–	–	–	–
Environment	1,134	1,745	1,376	1,969	(242)	(224)	19	660	11,104	12,378
Community Services & Education	1,418	1,251	1,506	1,236	(88)	15	1,222	1,099	2,107	2,203
Housing & Community Amenities	174	222	504	506	(330)	(284)	–	80	1,652	1,542
Recreation & Culture	1,213	1,127	1,290	1,689	(77)	(562)	1,123	1,040	12,105	11,021
Mining, Manufacturing & Construction	17	17	501	114	(484)	(97)	–	–	940	4,867
Transport & Communication	11,573	9,780	12,428	9,879	(855)	(99)	8,189	6,307	434,999	409,299
Economic Affairs	368	1,748	1,475	976	(1,107)	772	148	1,499	1,542	1,500
General Purpose Revenues	8,236	7,219	–	–	8,236	7,219	4,073	3,546	–	–
Water Supplies	6,512	2,136	984	1,005	5,528	1,131	5,395	1,224	27,864	24,729
Sewerage Services	554	493	619	593	(65)	(100)	–	17	10,201	9,649
Other	–	–	–	–	–	–	–	–	–	1
Total functions and activities	31,995	26,060	22,641	19,535	9,354	6,525	20,423	15,554	528,146	496,807

B1-2 Components of functions or activities

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

Administration

Includes corporate support and other support services, engineering works and council policy compliance. Also incorporates governance costs including election expenses, members fees and expenses, subscriptions to local authority associations, meetings of Council and policy making committees, public disclosure (GIPA) and legislative compliance

Public Order & Safety

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

Health

Includes food control, health services.

Environment

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

Community Services & Education

Includes administration and education; social protection (welfare); Aboriginal and other community services (excluding accommodation - as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including preschool; and other family and children's services. Also includes Community Transport.

Housing & Community Amenities

Includes public cemeteries; public conveniences; town planning; streetscaping; Council owned houses and other community amenities.

Recreation & Culture

Includes public libraries; open air art gallery; parks and reserves; sporting grounds and facilities; swimming pool and other sporting and recreational facilities.

Mining, Manufacturing & Construction

Includes building control, quarries and pits.

Transport & Communication

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, street lighting, road safety, works depot and aerodromes; RMS works and other.

Economic Affairs

Includes tourism and area promotion, industrial development promotion, private works, truck wash bay and other business undertakings.

General Purpose Revenues

Revenue from rates, untied grant funding, interest from investments.

Water Supplies

Water treatment services

Sewerage Services

Sewerage services

B2 Sources of income

B2-1 Rates and annual charges

	Timing	2023 \$ '000	2022 \$ '000
Ordinary rates			
Residential	2	492	488
Farmland	2	3,086	3,051
Business	2	121	120
Other		4	–
Less: pensioner rebates (mandatory)	2	(29)	(31)
Rates levied to ratepayers		3,674	3,628
Pensioner rate subsidies received	2	27	10
Total ordinary rates		3,701	3,638
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)			
Domestic waste management services	2	570	536
Water supply services	2	506	408
Sewerage services	2	392	338
Waste management services (non-domestic)	2	427	400
Less: pensioner rebates (mandatory)	2	(64)	(62)
Annual charges levied		1,831	1,620
Pensioner annual charges subsidies received:			
– Water	2	9	5
– Sewerage	2	9	6
– Domestic waste management	2	21	10
Total annual charges		1,870	1,641
Total rates and annual charges		5,571	5,279
Timing of revenue recognition for rates and annual charges			
Rates and annual charges recognised over time (1)		–	–
Rates and annual charges recognised at a point in time (2)		5,571	5,279
Total rates and annual charges		5,571	5,279

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

Accounting policy

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

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

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

B2-2 User charges and fees

	Timing	2023 \$ '000	2022 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	524	482
Sewerage services	1	133	130
Waste management services (non-domestic)	1	84	50
Other	2	21	12
Total specific user charges		762	674
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	1	–
Planning and building regulation	2	47	56
Private works – section 67	2	125	174
Section 10.7 certificates (EP&A Act)	2	50	21
Section 603 certificates	2	5	7
Animal control	2	7	4
Total fees and charges – statutory/regulatory		235	262
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aged care	2	69	57
Cemeteries	2	93	69
Child care	2	125	95
Transport for NSW works (state roads not controlled by Council)	1	3,293	3,313
Swimming centres	2	23	24
Tourism	2	–	44
Walcha Gym	2	49	34
Total fees and charges – other		3,652	3,636
Total other user charges and fees		3,887	3,898
Total user charges and fees		4,649	4,572
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		4,034	2,904
User charges and fees recognised at a point in time (2)		615	1,668
Total user charges and fees		4,649	4,572

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. There is no material obligation for Council in relation to refunds or returns.

B2-3 Other revenues

	Timing	2023 \$ '000	2022 \$ '000
Commissions and agency fees	2	75	75
Diesel rebate	2	49	76
Insurance claims recoveries	2	–	58
Recycling income (non-domestic)	2	37	114
Sales – general	2	33	19
Other – Tourism Events	2	79	–
Other	2	42	89
Other reimbursement	2	167	–
Workers compensation wages reimbursement	2	95	99
Total other revenue		577	530

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	577	530
Total other revenue	577	530

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

		Operating 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		–	1,397	–	–
Financial assistance – general component	2	555	–	–	–
Financial assistance – local roads component	2	301	–	–	–
Payment in advance - future year allocation					
Financial assistance		–	2,149	–	–
Financial assistance – general component	2	2,031	–	–	–
Financial assistance – local roads component	2	1,185	–	–	–
Amount recognised as income during current year		4,072	3,546	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	1, 2	–	–	5,395	1,224
Sewerage services	1	–	–	–	17
Bushfire and emergency services	2	425	1,014	79	–
Economic development	1,2	–	9	–	607
Library – per capita	2	67	67	–	–
LIRS subsidy	2	4	7	–	–
Noxious weeds	1	19	654	–	–
Recreation and culture	1,2	–	342	1,056	456
Town Planning	2	–	80	–	–
Preschool	2	796	624	–	–
Waste	2	–	5	–	–
WCCC (formerly HACC)	2	357	324	–	–
Street lighting	2	11	11	–	–
Disaster Recovery	2	–	–	–	–
Other specific grants	2	27	22	–	–
Transport (roads to recovery)	2	308	1,013	–	–
Transport (other roads and bridges funding)	1	4,279	–	2,722	4,402
Transport for NSW contributions (regional roads, block grant)	2	786	771	–	–
Tourism	2	12	264	–	–
Total special purpose grants and non-developer contributions – cash		7,091	5,207	9,252	6,706

B2-4 Grants and contributions (continued)

	Timing	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Non-cash contributions					
Business development	2	–	–	8	–
Recreation and culture		–	–	–	95
Total other contributions – non-cash		–	–	8	95
Total special purpose grants and non-developer contributions (tied)		7,091	5,207	9,260	6,801
Total grants and non-developer contributions		11,163	8,753	9,260	6,801
Comprising:					
– Commonwealth funding		4,641	5,578	597	1,327
– State funding		6,514	3,175	8,655	5,474
– Other funding		8	–	8	–
		11,163	8,753	9,260	6,801
Developer contributions					
Total grants and contributions		11,163	8,753	9,260	6,801
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		19	654	9,173	4,419
Grants and contributions recognised at a point in time (2)		11,144	8,099	87	2,382
Total grants and contributions		11,163	8,753	9,260	6,801

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	986	1,390	6,735	1,729
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,220	863	–	–
Add: Funds received and not recognised as revenue in the current year	21	91	4,899	5,654
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(895)	(603)	(90)	(7)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(91)	(755)	(6,644)	(641)
Unspent funds at 30 June	2,241	986	4,900	6,735
Contributions				
Unspent funds at 1 July	–	–	–	43
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: contributions received and not recognised as revenue in the current year	–	–	–	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	(43)
Unspent contributions at 30 June	–	–	–	–

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

B2-4 Grants and contributions (continued)

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	17	18
– Cash and investments	535	35
Dividend income (other)	139	–
Total interest and investment income (losses)	691	53
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	12	12
General Council cash and investments	598	35
Restricted investments/funds – external:		
Water fund operations	64	4
Sewerage fund operations	17	2
Total interest and investment income	691	53

Accounting policy

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

B2-6 Other income

	Notes	2023 \$ '000	2022 \$ '000
Rental income			
Other lease income			
Room/Facility Hire		54	49
Leaseback fees - council vehicles		28	23
Total other lease income		82	72
Total rental income	C2-2	82	72
Other			
Effect from derecognition of remediation provision	C3-5	2	–
Total other		2	–
Total other income		84	72

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 \$ '000	2022 \$ '000
Salaries and wages	5,380	5,442
Employee leave entitlements (ELE)	1,232	1,175
Superannuation – defined contribution plans	597	568
Superannuation – defined benefit plans	33	41
Workers' compensation insurance	275	215
Fringe benefit tax (FBT)	32	38
Total employee costs	7,549	7,479
Less: capitalised costs	(1,020)	(955)
Total employee costs expensed	6,529	6,524
Number of 'full-time equivalent' employees (FTE) at year end	74	79

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

	Notes	2023 \$ '000	2022 \$ '000
Raw materials and consumables		7,059	5,822
Contractor costs		3,829	10,336
Audit Fees	F2-1	65	57
Councillor and Mayoral fees and associated expenses	F1-2	212	203
Bank charges		14	11
Election expenses		–	23
Electricity and heating		170	163
Insurance		419	353
Postage		7	4
Printing and stationery		7	27
Street lighting		30	27
Telephone and communications		48	52
Valuation fees		16	15
Noxious weeds		92	723
Rates and charges		248	208
Training costs (other than salaries and wages)		88	107
Other expenses		42	15
Legal expenses		56	14
Variable lease expense relating to usage		6	7
Total materials and services		12,408	18,167
Less: capitalised costs		(3,403)	(10,287)
Total materials and services		9,005	7,880

Accounting policy

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

B3-3 Borrowing costs

	Notes	2023 \$ '000	2022 \$ '000
(i) Interest bearing liability costs			
Interest on leases		1	–
Interest on loans		7	15
Total interest bearing liability costs		8	15
Total interest bearing liability costs expensed		8	15
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)		–	–
– Remediation liabilities	C3-5	353	66
Total other borrowing costs		353	66
Total borrowing costs expensed		361	81

Accounting policy

Borrowing costs are expensed as they are incurred.

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

	Notes	2023 \$ '000	2022 \$ '000
Depreciation and amortisation			
Plant and equipment		456	482
Office equipment		61	51
Furniture and fittings		14	9
Infrastructure:			
	C1-7		
– Buildings – specialised		435	400
– Other structures		105	86
– Roads		1,638	1,499
– Bridges		746	688
– Footpaths		80	68
– Stormwater drainage		67	64
– Water supply network		385	312
– Sewerage network		146	129
Right of use assets	C2-1	16	19
Other assets:			
– Heritage collections		3	3
– Other		177	167
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-7	191	96
– Quarry assets	C1-7	179	19
Total gross depreciation and amortisation costs		4,699	4,092
Total depreciation and amortisation costs		4,699	4,092
Total depreciation, amortisation and impairment for non-financial assets		4,699	4,092

Accounting policy

Depreciation and amortisation

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

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.

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.

B3-5 Other expenses

	2023 \$ '000	2022 \$ '000
Other		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	8	4
– NSW fire brigade levy	18	16
– NSW rural fire service levy	184	187
– Library	67	66
– Sundry	21	23
Write-down of inventories	12	7
Unspent grants refunds	91	53
Total other	401	356
Total other expenses	401	356

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

	2023 \$ '000	2022 \$ '000
	Notes	
Gain (or loss) on disposal of plant and equipment	C1-7	
Proceeds from disposal – plant and equipment	217	91
Less: carrying amount of plant and equipment assets sold/written off	(153)	(98)
Gain (or loss) on disposal	64	(7)
Gain (or loss) on disposal of infrastructure	C1-7	
Less: carrying amount of infrastructure assets sold/written off	(1,710)	(595)
Gain (or loss) on disposal	(1,710)	(595)
Net gain (or loss) from disposal of assets	(1,646)	(602)

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 29 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	5,466	5,571	105	2% F
User charges and fees	4,268	4,649	381	9% F
Other revenues	309	577	268	87% F
Income received but not budgeted includes:				
<ul style="list-style-type: none"> • Statecover workers compensation reimbursements & incentive not budgeted \$114k • Reimbursement of defined benefits superannuation overpaid in prior years \$115 • Namoi Unlimited reimbursement of General Manager costs while acting as Executive Office \$43k • Diesel Fuel Rebate not budgeted \$49k • Sale of recyclables & other sundry sales \$28k better than budgeted 				
Offset by income less than budget:				
<ul style="list-style-type: none"> • Traineeship subsidies \$63k • Tourism revenue from events \$21k less than budget 				
Operating grants and contributions	5,477	11,163	5,686	104% F
<ul style="list-style-type: none"> • 100% of 2023-24 Financial Assistance Grants (FAGs) received June 2023 \$3.2M offset by 75% of 2022-23 FAGs received in 2022 FY \$2.1M. Resulting in \$1.2M higher FAGs than budgeted. • COMMUNITY SERVICES PROGRAMS \$185k higher than budget, comprising <ul style="list-style-type: none"> Preschool funding received \$88k ; Funding for Youth Activities \$27k ; WCCC \$27k ; Community Recovery Officer funding \$43k. • ECONOMIC AFFAIRS \$120k higher than budget due mainly to completion of EPA Green Waste Clean up. • \$19k completion of Moona-Winterbourne pest barrier. • \$171k funding received for Disaster Risk Reduction Coordinator program, not in original budget. • TRANSPORT funding received was \$4M higher than budget due to: <ul style="list-style-type: none"> \$1.6M for Regional & Local Roads Repair; Block Grant \$15k higher than budget; Roads to Recovery \$320 less than budget due to projects not completed; \$2.3M storm event AGRN1034; \$315k pothole repair funding. 				
Capital grants and contributions	19,855	9,260	(10,595)	(53)% U
Capital Grants are recognised as project costs are incurred. Due to the large capital works in progress at 30 June, capital grants income is \$10.5M less than budgeted. This is made up of the following variations:				
<ul style="list-style-type: none"> • BLER Bushfire Local Economic Recovery - Lions Park Project \$104k higher than budgeted, Skate Park was \$364k less than budget and Walcha Pool \$828k less than budget. Pool & Skate Park project are in progress. The Lions Club Park upgrade is complete. • LRCI Local Roads & Community Infrastructure - Rose Garden & Crocodile Bridge projects received \$43k that was not in the original budget; \$282k Kerb & Gutter extensions; \$39k rural roads upgrades. • SCCF Stronger Country Communities Funding - Original budget was \$780k for a number of projects. At 30 June income recognised is \$599k less than budget due to projects incomplete (Swimming Pool & Oxley Oval Amenities; Skate Park stage 2). Levee Bank Lighting project is complete. • Black Summer Bushfire Recovery - \$79k for Aerodrome Upgrade was not in original budget. 				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<ul style="list-style-type: none"> Fixing Country Roads - \$1M for Thunderbolts Way Corridor Strategy was carried over from prior years and not in original budget. Fixing Country Bridges - \$814k income recognised from original budget of \$3M due to 7 bridge replacements not complete at 30 June. Fixing Local Roads \$2.3M less than budget due to work in progress at 30 June. Get Active NSW footpaths project \$24k income recognised; \$1.7M in budget was replaced by Get Active NSW (\$3.7M when completed) \$657k funded gravel resheeting was removed from original budget due to other funding availability. \$8M was budgeted to fund Off Stream Storage project, \$5.4M was received and work is ongoing. 				
Interest and investment revenue	9	691	682	7,578% F
<ul style="list-style-type: none"> Due to funding being received in advance for a number of projects Council has increased the investment portfolio to \$14M at 30 June. In addition frequent interest rates increases has seen interest on investments increase to \$535k. There was no budget for investment interest. Council received a dividend of \$139k from Lehman Brothers that related to funds lost in the collapse of Lehman Brothers and the Global Financial Crisis (2008). 				
Other income	69	84	15	22% F
<ul style="list-style-type: none"> Additional staff contributions for leaseback vehicles was \$7k Rental from Council owned housing was \$9k more than budgeted 				
Expenses				
Employee benefits and on-costs	5,915	6,529	(614)	(10)% U
Materials and services	6,223	9,005	(2,782)	(45)% U
<ul style="list-style-type: none"> Administration costs are \$177k over budget. This comprises the following - Insurance costs \$184; audit & legal \$51k; Human Resources and WHS is \$107k over budget due to contractor costs following maternity leave and redundancies. EPA Green Waste clean up costs \$780k was carried over from prior years so not in original budget - funding was received in prior year. Building Control costs were \$59k over budget due to contractor costs. Cemetery costs were \$17k higher than budget, partly due to funded Aboriginal Graves Project and increased burials. Town Planning costs were \$92k higher than budget due to contractor costs covering maternity leave. Nowendoc Hall Infrastructure Upgrade costs \$39k not in budget, funded project. Transport & Communication costs were \$1.6M over budget - Storm Damage Repairs from declared emergency event was \$2.1M this was partly offset by reduction in State Highway ordered works of \$0.5M Sewer costs was \$127k higher than budgeted due mainly to mandatory smoke testing of the network and increased water charges. Water services costs were \$37k higher than budget due to increased private works. 				
Borrowing costs	85	361	(276)	(325)% U
<ul style="list-style-type: none"> Loan interest payments was \$12k less than budgeted; Unwinding of Present Value and Discounting for Landfill Remediation was \$105k which was not budgeted; Unwinding of Present Value and Discounting for Quarries Restoration was \$181k which was not budgeted. 				
Depreciation, amortisation and impairment of non-financial assets	4,211	4,699	(488)	(12)% U
Assets depreciation was \$488k higher than budgeted due to <ul style="list-style-type: none"> Depreciation of RFS Red Fleet was not budgeted \$85k; Movements in Landfill Remediation & Quarries Restoration assets due to indexing of provisions \$253k Indexation of all asset classes in June 2022 increased depreciation across all assets \$151k 				
Other expenses	322	401	(79)	(25)% U
Unspent Grant Funding of \$91k was returned to funding bodies on completion of projects.				
Net losses from disposal of assets	-	1,646	(1,646)	∞ U
<ul style="list-style-type: none"> A number of timber bridges were written off through the year to be replaced by concrete bridges \$644k Road rehabilitations incurred asset write offs totalling \$1066k 				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----
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- Sale of plant resulted in profit of \$64k

Statement of cash flows

Cash flows from operating activities	22,922	14,866	(8,056)	(35)%	U
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Overall revenue received was \$2.3M less than budgeted. Operating grant income was better than forecast but due to large works in progress capital grant income was less than budget. In addition, operating cash outflows were \$5.8M higher than budgeted due largely to funded road repairs.

Cash flows from investing activities	(23,123)	(21,147)	1,976	(9)%	F
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Cash flows from financing activities	524	420	(104)	(20)%	U
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Variance is due to the timing of the equipment loan being late in June and the amount borrowed was less than forecast.

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	2,255	8,116
Total cash and cash equivalents	2,255	8,116

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	2,255	8,116
Balance as per the Statement of Cash Flows	2,255	8,116

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				
Term deposits	14,021	–	5,406	–
Total	14,021	–	5,406	–
Total financial investments	14,021	–	5,406	–
Total cash assets, cash equivalents and investments	16,276	–	13,522	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

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

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

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

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

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	16,276	13,522
Less: Externally restricted cash, cash equivalents and investments	(8,543)	(8,925)
Cash, cash equivalents and investments not subject to external restrictions	7,733	4,597
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	4,899	3,026
Specific purpose unexpended grants – water fund	–	3,709
External restrictions – included in liabilities	4,899	6,735
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants (recognised as revenue) – general fund	2,240	986
Water fund	837	702
Sewer fund	567	502
External restrictions – other	3,644	2,190
Total external restrictions	8,543	8,925

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

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

	2023	2022
	\$ '000	\$ '000

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	7,733	4,597
Less: Internally restricted cash, cash equivalents and investments	<u>(7,539)</u>	<u>(6,684)</u>
Unrestricted and unallocated cash, cash equivalents and investments	194	(2,087)

Internal allocations

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

Plant and vehicle replacement	975	1,182
Infrastructure replacement	2,044	2,044
Employees leave entitlement	647	647
Quarries remediation	301	301
Tip site remediation	296	296
Project Development	60	65
Financial Assistance Grant - Advance Payment	<u>3,216</u>	<u>2,149</u>
Total internal allocations	7,539	6,684

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	<u>194</u>	<u>(2,087)</u>
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C1-4 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	382	–	325	–
Interest and extra charges	10	–	12	–
User charges and fees	101	–	40	–
Other income accruals	281	–	151	–
General debtors	689	–	1,621	–
Loans to non-profit organisations	3	4	3	7
Net GST receivable	346	–	104	–
Prepayments	102	–	30	–
Total	1,914	4	2,286	7
Less: provision for impairment				
Other debtors	(10)	–	(10)	–
Total provision for impairment – receivables	(10)	–	(10)	–
Total net receivables	1,904	4	2,276	7
Externally restricted receivables				
Water supply				
– Rates and availability charges	68	–	43	–
– Other	92	–	35	–
Sewerage services				
– Rates and availability charges	45	–	38	–
– Other	24	–	6	–
Total external restrictions	229	–	122	–
Unrestricted receivables	1,675	4	2,154	7
Total net receivables	1,904	4	2,276	7

	2023 \$ '000	2022 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	10	10
Balance at the end of the year	10	10

Accounting policy

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

Impairment

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

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

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

C1-4 Receivables (continued)

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
(i) Inventories at cost				
Stores and materials	210	–	235	–
Trading stock	22	–	39	–
Total inventories at cost	232	–	274	–
Total inventories	232	–	274	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Contract assets	3,029	–	3,032	–
Total contract assets	3,029	–	3,032	–

Contract assets

Contract Assets under AASB 15	226	–	1,149	–
Grant Contract Assets under AASB 1058	1,177	–	1,712	–
Accrued Income under AASB 1058	1,626	–	171	–
Total contract assets	3,029	–	3,032	–

Significant changes in contract assets

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

Drop was mostly caused by receipt of money in 2023 for works accrued last year under RMCC contracts.

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

Decrease is due to receipt of money for works done in 2022 financial year for various infrastructure projects.

Accrued Income - not specific or not enforceable grants (AASB 1058)

Increase due to accrual for emergency works done in response to flooding event.

(i) Externally restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Water	185	–	–	–
Sewer	93	–	93	–
Total externally restricted assets	278	–	93	–
Total restricted assets	278	–	93	–
Total unrestricted assets	2,751	–	2,939	–
Total contract assets	3,029	–	3,032	–

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Increase / Decrease Rehabilitation Provision	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	4,227	–	4,227	3,984	5,919	–	–	(1,569)	–	–	–	12,561	–	12,561
Plant and equipment	7,481	(3,421)	4,060	704	23	(153)	(456)	–	–	–	–	7,618	(3,440)	4,178
Office equipment	396	(190)	206	–	–	–	(61)	16	–	–	–	413	(251)	162
Furniture and fittings	227	(102)	125	–	6	–	(14)	–	–	–	–	233	(116)	117
Land:														
– Operational land	3,287	–	3,287	–	–	–	–	–	–	–	707	3,994	–	3,994
– Community land	2,417	–	2,417	–	–	–	–	–	–	–	172	2,589	–	2,589
Infrastructure:														
– Buildings – specialised	14,216	(5,305)	8,911	11	–	–	(435)	26	(165)	–	569	14,484	(5,567)	8,917
– Other structures	4,342	(1,603)	2,739	15	44	–	(105)	–	27	–	137	4,686	(1,829)	2,857
– Roads	133,876	(26,047)	107,829	1,469	–	(1,066)	(1,638)	1,350	(299)	–	6,351	142,720	(28,724)	113,996
– Bridges	74,392	(33,364)	41,028	27	–	(644)	(746)	10	–	–	2,341	77,287	(35,271)	42,016
– Footpaths and other road assets	7,357	(2,071)	5,286	–	25	–	(80)	–	299	–	325	8,425	(2,573)	5,852
– Bulk earthworks (non-depreciable)	251,185	–	251,185	30	–	–	–	–	–	–	14,822	266,037	–	266,037
– Stormwater drainage	11,034	(2,621)	8,413	–	–	–	(67)	–	–	–	643	11,885	(2,895)	8,990
– Water supply network	23,362	(6,149)	17,213	–	–	–	(385)	–	155	–	1,283	25,377	(7,111)	18,266
– Sewerage network	11,726	(3,109)	8,617	–	–	–	(146)	–	(17)	–	652	12,558	(3,452)	9,106
Other assets:														
– Heritage collections	288	(78)	210	–	–	–	(3)	–	–	–	11	303	(86)	217
– Other	5,793	(1,888)	3,905	2	499	–	(177)	167	–	–	203	6,772	(2,172)	4,600
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	3,486	(370)	3,116	–	–	–	(191)	–	–	(1,674)	–	1,812	(561)	1,251
– Quarry assets	5,234	(367)	4,867	–	–	–	(179)	–	–	(3,748)	–	1,485	(545)	940
Total infrastructure, property, plant and equipment	564,326	(86,685)	477,641	6,242	6,516	(1,863)	(4,683)	–	–	(5,422)	28,216	601,239	(94,593)	506,646

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Increase rehabilitation provision	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	5,658	–	5,658	1,188	850	–	–	(3,468)	–	–	–	4,227	–	4,227
Plant and equipment	7,676	(3,161)	4,515	72	53	(98)	(482)	–	–	–	–	7,481	(3,421)	4,060
Office equipment	292	(139)	153	–	104	–	(51)	–	–	–	–	396	(190)	206
Furniture and fittings	147	(93)	54	–	80	–	(9)	–	–	–	–	227	(102)	125
Land:														
– Operational land	2,522	–	2,522	–	351	–	–	2	–	–	413	3,287	–	3,287
– Community land	2,204	–	2,204	–	–	–	–	–	–	–	214	2,417	–	2,417
Infrastructure:														
– Buildings – specialised	12,564	(4,358)	8,206	111	26	–	(400)	56	–	–	911	14,216	(5,305)	8,911
– Other structures	2,905	(1,385)	1,520	–	521	–	(86)	652	–	–	133	4,342	(1,603)	2,739
– Roads	116,236	(22,137)	94,099	3,982	92	(492)	(1,499)	1,357	–	–	10,135	133,876	(26,047)	107,829
– Bridges	65,095	(29,566)	35,529	–	1,956	(78)	(688)	689	–	–	3,620	74,392	(33,364)	41,028
– Footpaths	6,415	(1,850)	4,565	–	88	–	(68)	386	–	–	468	7,357	(2,071)	5,286
– Bulk earthworks (non-depreciable)	227,460	–	227,460	63	–	–	–	–	–	–	23,662	251,185	–	251,185
– Stormwater drainage	10,341	(2,392)	7,949	–	–	–	(64)	–	–	–	528	11,034	(2,621)	8,413
– Water supply network	22,820	(6,358)	16,462	64	–	(25)	(312)	–	–	–	1,024	23,362	(6,149)	17,213
– Sewerage network	11,529	(2,730)	8,799	40	–	–	(129)	297	–	(390)	–	11,726	(3,109)	8,617
Other assets:														
– Heritage collections	263	(69)	194	–	–	–	(3)	–	–	–	17	288	(78)	210
– Other	5,135	(1,570)	3,565	16	154	–	(167)	29	–	–	309	5,793	(1,888)	3,905
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	1,569	(274)	1,295	–	–	–	(96)	–	1,917	–	–	3,486	(370)	3,116
– Quarry assets	1,208	(348)	860	–	–	–	(19)	–	4,025	–	–	5,234	(367)	4,867
Total infrastructure, property, plant and equipment	502,039	(76,430)	425,609	5,536	4,275	(693)	(4,073)	–	5,942	(390)	41,434	564,326	(86,685)	477,641

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

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

Accounting policy

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

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	10 to 20
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	3 to 5	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
RFS - Red Fleet	25		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	75		
Pumps and telemetry	15 to 30		
Water Meters	10		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 70	Bulk earthworks	Infinite
Sealed roads: structure	50 to 120	Swimming pools	60
Unsealed roads	20 to 50		
Bridge: concrete	100		
Bridge: other	60		
Road pavements	60		
Kerb, gutter and footpaths	100		

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included on the income statement.

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

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer Note C2-1. Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

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

Rural Fire Service assets comprising land, buildings and vehicles are recognised as assets of the Council in these financial statements.

C2 Leasing activities

C2-1 Council as a lessee

Terms and conditions of leases

Buildings

Council leases office space for Community Care (WCCC); the lease is generally between 1 and 2 years and includes a renewal option to allow Council to renew for up to 12 months. The previous lease for the Visitor Information Centre was renewed during the year and will end March 2024.

The building leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Office and IT equipment

Leases for IT equipment are generally for low value assets, except for significant items such as printers. The current lease for printers was entered into during the 2021/22 year for a four year term expiring March 2026. Lease payments are fixed, however the lease includes a variable payment based on usage.

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

C2-1 Council as a lessee (continued)
(a) Right of use assets

	Plant & Equipment \$ '000	Total \$ '000
2023		
Opening balance at 1 July	55	55
Adjustments to right-of-use assets due to re-measurement of lease liability	16	16
Depreciation charge	(16)	(16)
Balance at 30 June	55	55
2022		
Opening balance at 1 July	28	28
Additions to right-of-use assets	45	45
Adjustments to right-of-use assets due to re-measurement of lease liability	1	1
Depreciation charge	(19)	(19)
Balance at 30 June	55	55

(b) Lease liabilities

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Lease liabilities	21	18	16	31
Total lease liabilities	21	18	16	31

(c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2023					
Cash flows	23	21	–	44	39
2022					
Cash flows	18	31	–	49	47

C2-1 Council as a lessee (continued)

(d) Income Statement

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

	2023 \$ '000	2022 \$ '000
Interest on lease liabilities	1	–
Variable lease payments based on usage not included in the measurement of lease liabilities	6	7
Depreciation of right of use assets	16	19
	23	26

(e) Statement of Cash Flows

Total cash outflow for leases	40	47
	40	47

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (i) below) in the Statement of Financial Position.

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

	2023 \$ '000	2022 \$ '000
(i) Assets held as property, plant and equipment		
Lease income (excluding variable lease payments not dependent on an index or rate)	82	72
Total income relating to operating leases for Council assets	82	72
Other leased assets expenses		
Other	206	203
Total expenses relating to other leases assets	206	203

C3 Liabilities of Council

C3-1 Payables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Goods and services – operating expenditure	524	13	935	10
Accrued expenses:				
– Other expenditure accruals	1,549	–	833	–
Prepaid rates	64	–	74	–
Total payables	2,137	13	1,842	10

Payables relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Water	14	–	116	–
Sewer	12	–	8	–
Payables relating to externally restricted assets	26	–	124	–
Total payables relating to restricted assets	26	–	124	–
Total payables relating to unrestricted assets	2,111	13	1,718	10
Total payables	2,137	13	1,842	10

C3-1 Payables (continued)

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

	Notes	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	21	–	91	–
Unexpended capital grants (to construct Council controlled assets)	(i)	4,899	–	6,644	–
Total grants received in advance		4,920	–	6,735	–
Total contract liabilities		4,920	–	6,735	–

Notes

(i) Council has received funding to construct or upgrade assets including sporting facilities, roadworks 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.

Contract liabilities relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Water	–	–	3,710	–
Unspent grants held as contract liabilities (excl. Water & Sewer)	4,899	–	3,025	–
Contract liabilities relating to externally restricted assets	4,899	–	6,735	–
Total contract liabilities relating to restricted assets	4,899	–	6,735	–
Total contract liabilities relating to unrestricted assets	21	–	–	–
Total contract liabilities	4,920	–	6,735	–

C3-2 Contract Liabilities (continued)

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)	4,494	755
Operating grants (received prior to performance obligation being satisfied)	91	641
Total revenue recognised that was included in the contract liability balance at the beginning of the period	4,585	1,396

Significant changes in contract liabilities

Contract Liabilities related to works for external parties (private works, etc) (AASB 15)

Reduction of \$70K is due to completion of non capital projects including Moona-Winterbourne Linear Fence project.

Grant Contract Liabilities - funds to construct council controlled assets (AASB 1058 - Asset Exemption)

Decrease in Grant Contract Liabilities is mainly due to \$3.8M in the Water Fund for Off Stream Storage project being fully expended through the year.

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Loans – secured ¹	176	405	79	58
Total borrowings	176	405	79	58

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

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

Borrowings relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Water	11	35	10	46
Borrowings relating to externally restricted assets	11	35	10	46
Total borrowings relating to restricted assets	11	35	10	46
Total borrowings relating to unrestricted assets	165	370	69	12
Total borrowings	176	405	79	58

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	137	(79)	523	–	–	–	581
Lease liability (Note C2-1b)	47	(8)	–	–	–	–	39
Total liabilities from financing activities	184	(87)	523	–	–	–	620

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	226	(89)	–	–	–	–	137
Lease liability (Note C2-1b)	20	27	–	–	–	–	47
Total liabilities from financing activities	246	(62)	–	–	–	–	184

(b) Financing arrangements

	2023 \$ '000	2022 \$ '000
Total facilities		
Bank overdraft facilities ¹	200	200
Credit cards/purchase cards	48	48
Total financing arrangements	248	248
Undrawn facilities		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	48	48
Total undrawn financing arrangements	248	248

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	792	–	726	–
Long service leave	994	148	1,193	67
Time in lieu	67	–	94	–
Rostered day off	27	–	27	–
Total employee benefit provisions	1,880	148	2,040	67

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	1,221	1,732
	1,221	1,732

Description of and movements in provisions

	ELE provisions			Total \$ '000
	Annual leave \$ '000	Long service leave \$ '000	Other employee benefits \$ '000	
2023				
At beginning of year	726	1,260	121	2,107
Additional provisions	582	67	–	649
Amounts used (payments)	(516)	(185)	(27)	(728)
Total ELE provisions at end of year	792	1,142	94	2,028
2022				
At beginning of year	709	1,356	119	2,184
Additional provisions	474	52	33	559
Amounts used (payments)	(457)	(148)	(31)	(636)
Total ELE provisions at end of year	726	1,260	121	2,107

Accounting policy

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.

C3-4 Employee benefit provisions (continued)

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.

C3-5 Provisions

	2023 Current \$ '000	2023 Non-Current \$ '000	2022 Current \$ '000	2022 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	195	4,050	177	9,139
Sub-total – asset remediation/restoration	195	4,050	177	9,139
Total provisions	195	4,050	177	9,139

Description of and movements in provisions

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
2023		
At beginning of year	9,316	9,316
Unwinding of discount	353	353
Re-measurement effects through P&L (Note B2-6)	(2)	(2)
Remeasurement effects through asset (Note C1-7)	(5,422)	(5,422)
Total other provisions at end of year	4,245	4,245
2022		
At beginning of year	3,308	3,308
Unwinding of discount	66	66
Re-measurement effects through P&L (Note B2-6)	–	–
Remeasurement effects through asset (Note C1-7)	5,942	5,942
Total other provisions at end of year	9,316	9,316

Nature and purpose of provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip and quarry as a result of past operations.

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

C3-5 Provisions (continued)

of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

Asset remediation – tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, 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 costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

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

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

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in 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 property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
Income from continuing operations			
Rates and annual charges	4,688	498	385
User charges and fees	3,949	550	150
Interest and investment revenue	606	66	19
Other revenues	574	3	–
Grants and contributions provided for operating purposes	11,163	–	–
Grants and contributions provided for capital purposes	3,865	5,395	–
Other income	84	–	–
Total income from continuing operations	24,929	6,512	554
Expenses from continuing operations			
Employee benefits and on-costs	6,220	194	115
Materials and services	8,470	247	288
Borrowing costs	358	3	–
Depreciation, amortisation and impairment of non-financial assets	4,163	385	151
Other expenses	184	152	65
Net losses from the disposal of assets	1,646	–	–
Total expenses from continuing operations	21,041	981	619
Operating result from continuing operations	3,888	5,531	(65)
Net operating result for the year	3,888	5,531	(65)
Net operating result attributable to each council fund	3,888	5,531	(65)
Net operating result for the year before grants and contributions provided for capital purposes	23	136	(65)

D1-2 Statement of Financial Position by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	851	837	567
Investments	14,021	–	–
Receivables	1,675	160	69
Inventories	232	–	–
Contract assets and contract cost assets	2,751	185	93
Total current assets	19,530	1,182	729
Non-current assets			
Receivables	4	–	–
Infrastructure, property, plant and equipment	470,492	26,682	9,472
Right of use assets	55	–	–
Total non-current assets	470,551	26,682	9,472
Total assets	490,081	27,864	10,201
LIABILITIES			
Current liabilities			
Payables	2,111	14	12
Contract liabilities	4,920	–	–
Lease liabilities	21	–	–
Borrowings	165	11	–
Employee benefit provision	1,880	–	–
Provisions	195	–	–
Total current liabilities	9,292	25	12
Non-current liabilities			
Payables	13	–	–
Lease liabilities	18	–	–
Borrowings	370	35	–
Employee benefit provision	148	–	–
Provisions	4,050	–	–
Total non-current liabilities	4,599	35	–
Total liabilities	13,891	60	12
Net assets	476,190	27,804	10,189
EQUITY			
Accumulated surplus	169,283	13,652	3,270
Revaluation reserves	306,907	14,152	6,919
Council equity interest	476,190	27,804	10,189
Total equity	476,190	27,804	10,189

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

New England Weeds Authority

New England Weeds Authority (NEWA) is the registered trading name of The New England Tablelands Noxious Plants County Council. NEWA is a single purpose Council which is a Local Control Authority for priority and invasive weeds under the NSW Biosecurity Act, 2015. The present area of operation of NEWA is the local government areas of Uralla Shire Council, Armidale Regional Council, Walcha Council, and Glen Innes Severn Council (under a Memorandum of Understanding). These Councils are located in the Northern Tablelands region of New South Wales.

The County Council's governance is in accordance with the Local Government Act 1993 (LGA 1993) with the County Council first proclaimed in 1947.

NEWA is funded by contributions from its four Constituent Councils, grants and private works. Each Constituent Council has delegated its Noxious weeds control function to NEWA and contributes in accordance with NEWA's proclamation. NEWA's governing body consists of five Councillors elected by each of the Constituent Councils.

Council does not have control, joint control or significant influence over decision making or the overall activities of the organisation.

NAMOI

Walcha Council is a member of Namoi Unlimited - Joint Organisation of Councils (JO). The interest in the Joint Organisation of Councils is to progress the strategic objectives of the region and lobby on their behalf.

There are 4 members of the JO, being Gunnedah Shire Council, Tamworth Regional Council, Liverpool Plains Shire Council and Walcha Council. All councils pay an annual membership. There are no material assets of the Council other than unspent membership payments. There is no material liability or debt of the Council.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with s625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Walcha Council and a monthly investment report is provided to Council setting out the make-up and performance of the portfolio as required by local government regulations.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out by the finance team under policies approved by the Councillors.

The fair value of receivables, loans, investments and financial liabilities approximates the carrying amount. The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

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

(a) Market risk – interest rate and price risk

	2023	2022
	\$ '000	\$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	140	85

(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		Total \$ '000
		< 5 years \$ '000	≥ 5 years \$ '000	
2023				
Gross carrying amount	382	–	–	382
2022				
Gross carrying amount	325	–	–	325

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

Receivables - non-rates and annual charges and contract assets

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

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

	Not yet overdue \$ '000	Overdue debts				Total \$ '000
		0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2023						
Gross carrying amount	3,952	–	310	–	303	4,565
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	3.20%	0.21%
ECL provision	–	–	–	–	10	10
2022						
Gross carrying amount	4,412	268	–	2	318	5,000
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	3.20%	0.20%
ECL provision	–	–	–	–	10	10

(c) Liquidity risk

Payables, lease liabilities and borrowings are 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 cash outflows \$ '000	Actual carrying values \$ '000
			≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000		
2023							
Payables	0.00%	–	2,137	13	–	2,150	2,150
Borrowings	0.00%	–	209	447	–	656	581
Total financial liabilities		–	2,346	460	–	2,806	2,731
2022							
Payables	0.00%	–	3,045	10	–	3,055	1,852
Borrowings	5.70%	–	85	60	–	145	137
Total financial liabilities		–	3,130	70	–	3,200	1,989

E2-1 Fair value measurement (continued)

- Furniture & Fittings: Chairs, Desks etc.

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

Community and Crown Land

Community Land and Crown Land valuation is based on the land value provided by the Valuer General. Last revaluation was performed on 30 June 2021 using the Valuer General valuation data as at 1 July 2019.

Operational Land

Operational Land assets were valued by professionally qualified Registered Valuers - PP&E Valuations as at 30 June 2023. Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre. There are also parks, reserves and other special use parcels where there was no observable market evidence. This land was valued utilising Level 2 inputs, with the valuer using professional judgement to adjust the rate per square metre from the sales evidence available.

Buildings - Non Specialised

Specialised assets were valued utilising the cost approach by professionally qualified Registered Valuers - PP&E Valuations as at 30 June 2023. The approach estimated the replacement cost of each building/other structure and componentising of significant parts of specific buildings with different useful lives and taking into account a range of factors. Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other inputs (such as estimates of useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising Level 3 inputs.

Other Structures

Other Structures are assets that do not fit the definition of buildings. They include swimming pools, fencing and playgrounds. Other Structures have been revalued externally by AssetVal (Marsh) as at 30 June 2021. As these values were not considered to contain observable market evidence they have been classified as Level 3 and have been valued using the current replacement cost approach.

Roads

Council engaged Australis Asset Advisory Group, professionally qualified registered valuers, to review road unit rates. All unit rates are assessed by way of the Cost Approach, being Level 3 on the Fair Value Hierarchy. To determine a fair value for an asset a number of inputs are required, including Componentisation, Gross Replacement Cost and Useful Life.

Condition assessment has been completed in two phases, through intentional physical inspection taking photographic evidence of a portion of the network for valuation. Thereby a representative sample was chosen based on the Engineering Department's experience and knowledge of the road network. Additionally limitations exist in the sporadic nature of unsealed roads condition as such council has condition assessed these roads using an aged based approach.

Useful lives has been set using Council's knowledge of how the road network behaves with consideration given to the quality of inputs used including gravel and bitumen and the specific weather and traffic conditions that impact upon the Council area.

Bulk Earthworks

Bulk Earthworks consist of cuttings, fill and levelling of earth and rocks. The valuation was completed internally and based replacement cost on Rawlinsons Reference Rates. As there had been no earthwork construction since the previous revaluation in 2014, the 2019 revaluation indexed the data already available by the IPWEA indices to come up with a replacement cost.

Council has determined that bulk earthworks have infinite useful lives.

Footpaths & Other road Assets

Footpaths and other road assets includes footpaths, kerb & guttering, roundabouts and other minor road furniture assets. They have been valued internally by Council's Engineering Department. Given the small size of the network, all footpaths, kerb & guttering and other road assets were physically inspected and photographic evidence was obtained. This formed the basis of the condition assessment. Useful lives were determined with consideration to the previous revaluation and based on Council's knowledge of the behaviour of other concrete assets.

E2-1 Fair value measurement (continued)

Bridges

Bridges have been valued internally by Council's Engineering Department and have been componentised into girder, corbel, deck, headstock, pile, abutment, kerb log and hand rail.

To ensure completeness of data the Authority Asset Management software was utilised as a starting point for conducting the revaluation. Council staff physically inspected all bridges to ensure the accuracy of data that was input into the Asset Management System. Condition was determined based on these inspections. Each bridge was given a condition rating in accordance with the methodology in the IPWEA (NSW) Bridge Guide, 2009. Replacement costs were based upon recently completed bridge projects in the Council area. Council determined timber bridges replacement cost based upon the cost to replace with their modern equivalent, judgementally determined to be either a concrete bridge or concrete culvert.

Useful lives for timber bridges were based on research by Peter J Yttrup (1996) contained in the IPWEA Bridge Guide. Condition ratings for concrete bridges were set based upon Council's own knowledge and experience of the bridge network and in conjunction with the Local Government Assets Accounting Manual.

Stormwater Drainage

Drainage assets comprise pits, culverts, open channels, headwalls and various types of quality devices used to collect store and remove stormwater. The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. First principles estimating accompanied by actual Council costs were utilised in determining the current stormwater assets value. These values were deemed to be in line with the Rawlinson Reference Rates.

The Levee Bank represents a large portion of the total value of the asset class. This asset was revalued by Australis Asset Advisory Group, a professionally qualified valuer. The asset was assessed by way of the Cost Approach, being Level 3 on the Fair Value Hierarchy.

Water & Sewer Networks

Comprehensive valuation of on-the-ground (active) Water and Wewer network assets was performed on 30 June 2022 by an independent valuation firm (AssetVal). Underground (passive) assets were revalued by using market based independent unit rates provided by AssetVal adjusted on obsolescence determined by internal council staff.

Other Assets

The valuation process involved current replacement cost approach. Unobservable inputs such as replacement cost, asset condition and useful life required extensive professional judgement. The unobservable inputs place this class of asset at Level 3. Last valuation was undertaken on 30 June 2021 by independent valuer AssetVal (Marsh).

Remediation Assets for Tips and Quarries

Restoration, cell capping, leachate collection and site closures have been recognised as significant costs for the remediation assets. In particular, the closing of a landfill site will include preparation, final cell capping, site re-vegetation and leachate management. The key unobservable inputs are discount rate, estimated costs, legislative requirements, and timing of remediation and indexation of labour costs.

Council engaged external firm (GHD) to perform valuation of the costs to remediate landfill site as at 30 June 2020. Council reviewed estimates for the year ended 30 June 2021 internally with no change to the approach compared to previous year.

Quarries remediation costs were last comprehensively valued in 2018. Council reviewed estimates for the year ended 30 June 2021 internally with no change to the approach compared to previous year.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Fair value (30/6/23) 2023 \$ '000	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant and equipment	4,178	Cost approach	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Remaining useful life - Residual value
Office equipment	162	Cost approach	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Remaining useful life
Furniture and fittings	117	Cost approach	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Remaining useful life
Operational Land	3,994	Market approach	<ul style="list-style-type: none"> - Similar local property prices - Alternative use
Community Land	2,589	Land values from NSW Valuer-General	<ul style="list-style-type: none"> - Unimproved capital value based on land value and land area
Buildings non specialised	8,917	Cost approach - (depreciated replacement cost)	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Other structures	2,857	Cost approach - (depreciated replacement cost)	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Roads	113,996	Unit rates per square metre	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Bridges	42,016	Cost approach - (depreciated replacement cost)	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Footpaths & other road assets	5,852	Cost approach - (depreciated replacement cost)	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Bulk earthworks	266,036	Unit rates per square metre	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset
Stormwater	8,990	Unit rates per square metre	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Water	18,266	Cost approach - (replacement cost)	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Sewer	9,106	Cost approach - (replacement cost)	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Heritage	217	Cost approach	<ul style="list-style-type: none"> - Current replacement cost of modern equivalent asset - Remaining useful life

E2-1 Fair value measurement (continued)

	Fair value (30/6/23) 2023 \$ '000	Valuation technique/s	Unobservable inputs
Other	4,600	Cost approach	- Current replacement cost of modern equivalent asset - Remaining useful life
Tips	1,251	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes
Quarry	940	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes

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		Community Land	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	4,060	4,515	206	153	125	54	2,418	2,204
Total gains or losses for the period								
Other movements								
Purchases (GBV)	727	125	16	104	6	80	-	-
Disposals (WDV)	(153)	(98)	-	-	-	-	-	-
Depreciation and impairment	(456)	(482)	(61)	(51)	(14)	(9)	-	-
Revaluation	-	-	-	-	-	-	172	214
Closing balance	4,178	4,060	161	206	117	125	2,590	2,418

	Buildings non specialised		Other structures		Roads		Bridges	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	8,910	8,206	2,740	1,520	107,674	94,099	41,028	35,529
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(165)	-	27	-	(144)	-	-	-
Purchases (GBV)	37	193	59	1,173	2,819	5,431	37	2,645
Disposals (WDV)	-	-	-	-	(1,066)	(492)	(644)	(78)
Depreciation and impairment	(435)	(400)	(105)	(86)	(1,638)	(1,499)	(746)	(688)
Revaluation	569	911	137	133	6,351	10,135	2,341	3,620
Closing balance	8,916	8,910	2,858	2,740	113,996	107,674	42,016	41,028

	Footpaths and other		Bulk earthworks		Stormwater		Water	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	5,439	4,565	251,185	227,460	8,413	7,949	17,213	16,462
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	144	-	-	-	-	-	155	-
Purchases (GBV)	25	474	30	63	-	-	-	64
Disposals (WDV)	-	-	-	-	-	-	-	(25)
Depreciation and impairment	(80)	(68)	-	-	(67)	(64)	(385)	(312)
Revaluation	325	468	14,822	23,662	644	528	1,283	1,024

continued on next page ...

E2-1 Fair value measurement (continued)

Closing balance	5,853	5,439	266,037	251,185	8,990	8,413	18,266	17,213
	Sewer		Heritage		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	8,617	8,799	208	194	3,906	3,565	462,142	415,274
Transfers from/(to) another asset class	(17)	–	–	–	–	–	–	–
Purchases (GBV)	–	337	–	–	668	199	4,424	10,888
Disposals (WDV)	–	–	–	–	–	–	(1,863)	(693)
Depreciation and impairment	(146)	(129)	(3)	(3)	(177)	(167)	(4,313)	(3,958)
Revaluation	652	(390)	11	17	203	309	27,510	40,631
Closing balance	9,106	8,617	216	208	4,600	3,906	487,900	462,142

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

E3-1 Contingencies (continued)

* For 180 Point Members, Employers are required to contribute 8.0% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits. This increases to 8.5% in line with the increase in Superannuation Guarantee.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 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 to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was -\$108,003.50; the negative amount is due to refunds of overpayments in prior years. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA and covers the period ended 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$32,798.04. Council's expected contribution to the plan for the next annual reporting period is \$54,219.60.

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

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

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

The share of this deficit that is broadly attributed to Council is 0.16%.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY 2023/2023 2.5% per annum thereafter

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all relevant information has been received by the Fund's Actuary, the final end of year review will be completed by December 2023.

E3-1 Contingencies (continued)

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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	1,095	949
Post-employment benefits	94	76
Total	1,189	1,025

Other transactions with KMP and their related parties

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

Nature of the transaction		Transactions during the year \$ '000 Ref	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2023						
Rent for office space	1	12	-	7 days	-	-
Landscaping works	2	20	-	7 days	-	-
Employee expenses relating to close family members	3	109	-	7 days	-	-
Legal Costs	4	26	-		-	-
2022						
Rent for office space	1	11	-	7 days	-	-
Landscaping works	2	18	-	7 days	-	-
Employee expenses relating to close family members	3	70	-	7 days	-	-
Legal Costs	4	-	-		-	-

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

Detail here extra information relating to KMP items above that have a reference number

- 1 Council pays rent to a local real estate agent for office space. The principal is a related party to a KMP. The office is owned by an interstate company.
- 2 Council contracts to a local company for tree topping and other services. The company has a KMP as a director. All transactions are at arms length and major jobs are quoted on.
- 3 Close family members are employed by Council under the Local Government Award. All were employed on an arms length basis. There are two close family members currently employed by Council, one of which is included in Key Management Personnel.
- 4 Council engaged a legal firm where a close family member was employed.

F1-2 Councillor and Mayoral fees and associated expenses

	2023 \$ '000	2022 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	28	27
Councillors' fees	99	96
Other Councillors' expenses (including Mayor)	85	80
Total	212	203

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	65	57
Remuneration for audit and other assurance services	65	57
Total Auditor-General remuneration	65	57
Non NSW Auditor-General audit firms		
Total audit fees	65	57

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2023 \$ '000	2022 \$ '000
Net operating result from Income Statement	9,354	6,525
Add / (less) non-cash items:		
Depreciation and amortisation	4,699	4,092
(Gain) / loss on disposal of assets	1,646	602
Non-cash capital grants and contributions	(8)	(95)
P/L effect of de-recognised remediation provisions	–	–
Unwinding of discount rates on reinstatement provisions	353	66
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	375	1,126
(Increase) / decrease of inventories	42	86
(Increase) / decrease of contract asset	3	2,369
Increase / (decrease) in payables	(408)	(1,255)
Increase / (decrease) in other accrued expenses payable	716	6
Increase / (decrease) in other liabilities	(10)	8
Increase / (decrease) in contract liabilities	(1,815)	4,227
Increase / (decrease) in employee benefit provision	(79)	(77)
Increase / (decrease) in other provisions	(2)	–
Net cash flows from operating activities	14,866	17,680

G2-1 Commitments

Capital commitments (exclusive of GST)

	2023 \$ '000	2022 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings and Other Structures	145	–
Plant and equipment	204	22
Other Structures	–	237
Roads	1,288	58
Other Assets	773	142
Water Services	514	5,247
Sewer Services	6	–
Total commitments	2,930	5,706
These expenditures are payable as follows:		
Within the next year	2,930	5,706
Total payable	2,930	5,706
Sources for funding of capital commitments:		
Unrestricted general funds	125	–
Future grants and contributions	1,084	1,615
Externally restricted reserves	987	4,069
Internally restricted reserves	734	22
Total sources of funding	2,930	5,706

Details of capital commitments

To fund plant purchases and capital works in progress as at 30 June 2023.

G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed. No other matters have arisen subsequent to balance date that would require these financial statements to be amended

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	2022	Indicators 2021	2020	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,740	7.65%	1.69%	(3.17)%	1.37%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	22,735					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	11,572	36.17%	40.31%	42.68%	53.04%	> 60.00%
Total continuing operating revenue	31,995					
3. Unrestricted current ratio						
Current assets less all external restrictions	12,391	3.91x	4.35x	2.69x	3.28x	> 1.50x
Current liabilities less specific purpose liabilities	3,172					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6,800	14.66x	23.80x	19.43x	19.04x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	464					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	392	6.62%	6.06%	4.90%	3.80%	< 10.00%
Rates and annual charges collectable	5,925					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	16,276	10.72 months	9.18 months	4.08 months	6.00 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	1,518					

(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

G4-2 Statement of performance measures by fund

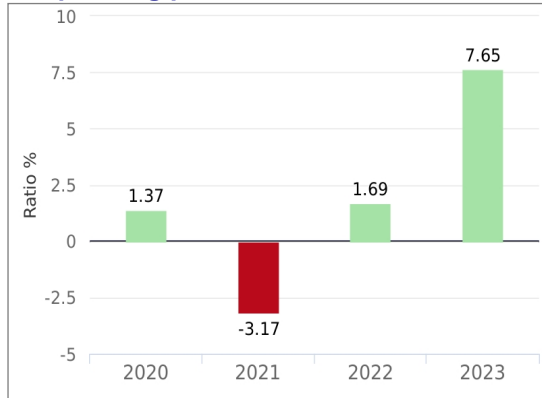
\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	7.92%	2.88%	12.18%	(7.35)%	(11.73)%	(25.63)%	> 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	39.72%	38.91%	17.15%	42.70%	100.00%	96.55%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.91x	4.35x	47.28x	1.17x	60.75x	79.88x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	13.73x	24.07x	40.31x	19.38x	∞	∞	> 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	5.68%	4.55%	11.74%	16.99%	10.44%	11.76%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	10.13 months	4.76 months	19.28 months	67.96 months	79.12 months	(57.37) months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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 7.65%

Advance payment of Financial Assistance Grant for 2023-24 has added \$1.2M to income. Additional non capital funding relating to weather events is also boosting this ratio.

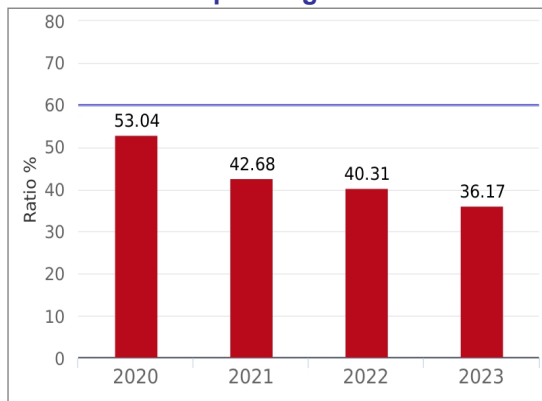
Benchmark: — > 0.00%

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 36.17%

This ratio continues to fall. An increase in rating revenue arising from approval of Council's SRV should improve the ratio next financial year.

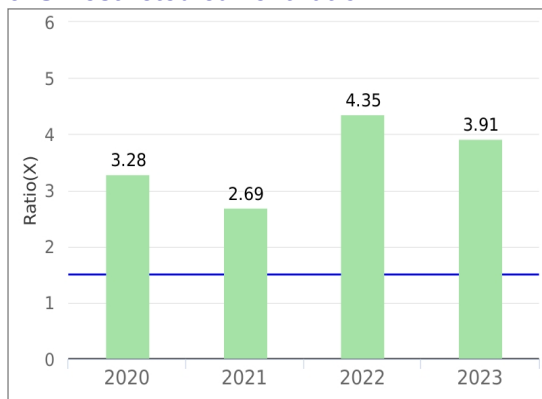
Benchmark: — > 60.00%

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 3.91x

Increase in current assets due to larger than normal investments coupled with reduction in contract liabilities contribute to this good result.

Benchmark: — > 1.50x

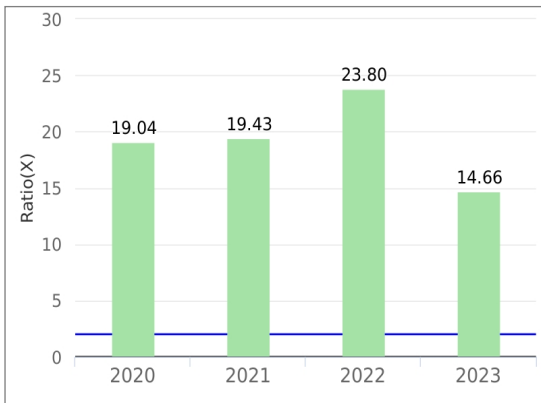
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 14.66x

Although the ratio has dropped slightly, Council is still in a good position for servicing of loans.

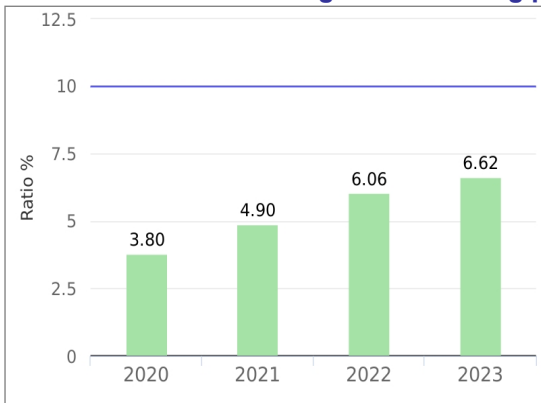
Benchmark: — > 2.00x

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 6.62%

Debt collections has resumed but results are not reflected in this year's ratio due to slow rate of repayment. This should be reflected in the ratio next year. Council is still well within the 10% benchmark for rural councils.

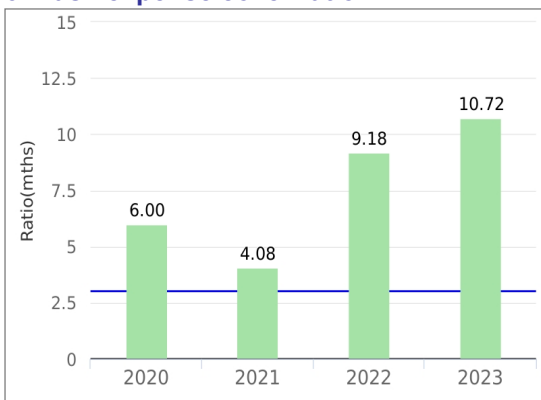
Benchmark: — < 10.00%

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 10.72 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:

2W Hamilton Street
Walcha NSW 2354

Contact details

Mailing Address:

PO Box 2
Walcha NSW 2354

Telephone: 02 6774 2500

Facsimile: 02 6777 1181

Opening hours:

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Monday to Friday

Internet: www.walcha.nsw.gov.au

Email: council@walcha.nsw.gov.au

Officers

General Manager

Phillip Hood

Responsible Accounting Officer

Rosemary Strobel

Auditors

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

Elected members

Mayor

Eric Noakes

Councillors

Clr Scott Kermode
Clr Mark Berry
Clr Kevin Ferrier
Clr Nena Hicks
Clr Anne-Marie Pointing
Clr Aurora Reilly
Clr Gregory Schaefer (deceased)

Other information

ABN: 24 780 320 847



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Walcha Council

To the Councillors of Walcha Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY



Councillor Eric Noakes
 Mayor
 Walcha Council
 PO Box 2
 Walcha NSW 2354

Contact: Jan-Michael Perez
 Phone no: 02 9275 7115
 Our ref: R008-16585809-46844 / 1800

31 October 2023

Dear Mayor Noakes

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

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

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

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

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	5.6	5.3	↑ 5.5
Grants and contributions revenue	20.4	15.6	↑ 31.2
Operating result from continuing operations	9.4	6.5	↑ 43.4
Net operating result before capital grants and contributions	0.1	(0.3)	↑ 134.1

Rates and annual charges revenue (\$5.6 million) increased by \$292,000 (5.5 per cent) in 2022–23 due to a rate peg increase of 0.7 per cent; increases in water access charges of 25%; and sewer access charges of 15.7%.

Grants and contributions revenue (\$20.4 million) increased by \$4.8 million (31.2 per cent) in 2022–23 due to:

- an increase of \$4.2 million in capital grants recognised for the construction of the off-stream storage facility
- operating transport grants of \$4.3 million recognised for repairs of natural disaster and potholes
- an increase of \$526,000 in financial assistance grants due to receiving 100 per cent of the financial assistance grants for 2023-24 in advance (75 per cent in 2021-22).

This increase has been offset by:

- a decrease of \$1.6 million in capital transport grants recognised due to deferral of works
- a decrease of \$705,000 in roads to recovery recognised due to prioritisation of natural disaster repairs
- a decrease of \$635,000 in noxious weeds funding due to completion of the Moona-Winderbourne linear barrier fence project
- a decrease of \$589,000 in bushfire and emergency services grants recognised as funding received in prior year for Black Summer Bushfire relief
- a decrease of \$607,000 in economic development grants recognised due to one off grant in prior year for Truck Wash Bay, Fitness Centre and electrical upgrades projects.

The Council's operating result from continuing operations (\$9.4 million including depreciation, amortisation and impairment expense of \$4.7 million) was \$2.9 million higher than the 2021–22 result. This was primarily due to the increase in grants and contributions explained above.

The net operating result before capital grants and contributions (\$94,000) was \$370,000 higher than the 2021–22 result. This is mainly due to following movements in the Income Statement:

- an increase of \$2.4 million in operating grants recognised due to funding relating to disaster repair projects
- an increase of \$637,000 in interest and investment income.

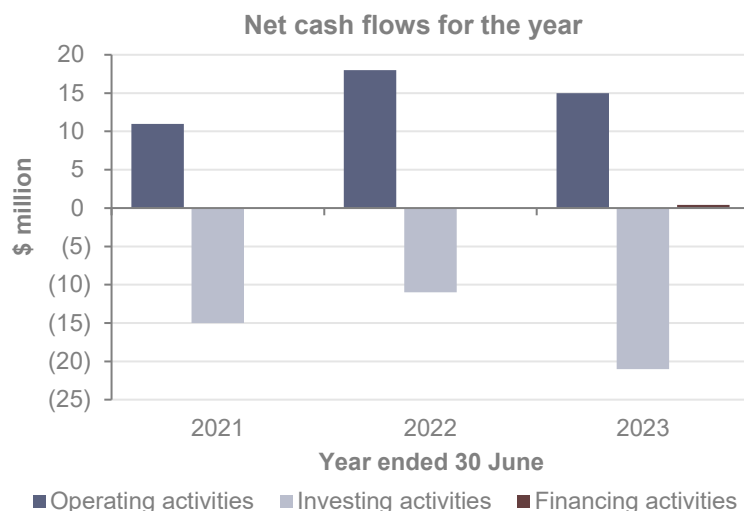
Offset by:

- an increase of \$1.1 million in material and services expense due to additional repairs for disaster damages
- an increase of \$1.0 million relating to losses from disposal of assets due to increase in renewals during the year
- an increase of \$607,000 in depreciation expense due to additional depreciation on indexation and additions from previous financial year.

STATEMENT OF CASH FLOWS

Cash from operating activities decreased by \$2.8 million due to a reduction in grants and contribution cash receipts received during the year.

Cash outflows from investing activities increased by \$9.9 million due to a change in investment strategy resulting in increased acquisitions of term deposits of \$7.1 million and additional capital works expenditure of \$3.0 million arising from the continued work on the off-stream storage facility.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	16.3	13.5	Externally restricted cash and investments are restricted in their use by externally imposed requirements. These include unspent developer contributions, specific purpose grants and domestic waste charges.
Restricted and allocated cash, cash equivalents and investments:			Internally allocated cash and investments have been restricted in their use by resolution or policy of the Council to reflect forward plans and identified work programs. Their purposes are disclosed in Note C1-3 of the financial statements.
• External restrictions	8.5	8.9	
• Internal allocations	7.5	6.7	

Debt

At 30 June 2023, Council had:

- \$581,000 in secured loans (\$137,000 in 2021-22)
- \$200,000 in approved overdraft facility with \$Nil drawn down
- \$48,000 in credit card facility with \$Nil used.

PERFORMANCE

Performance measures

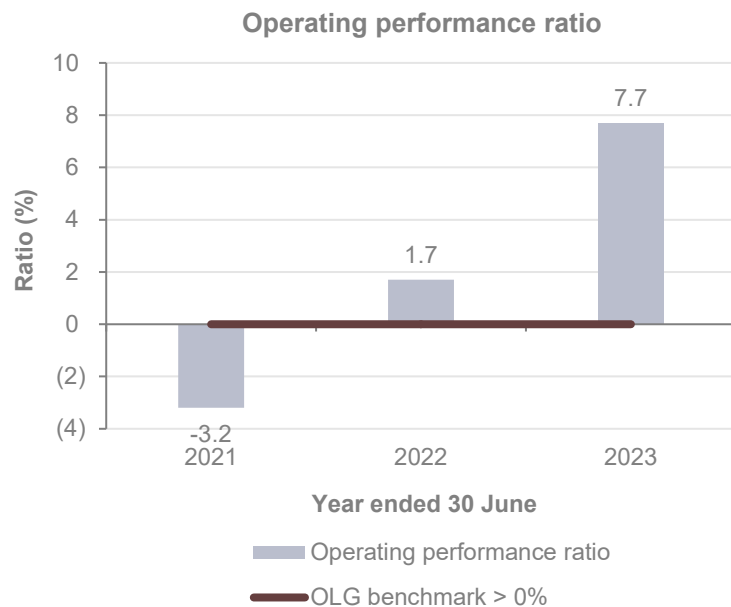
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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



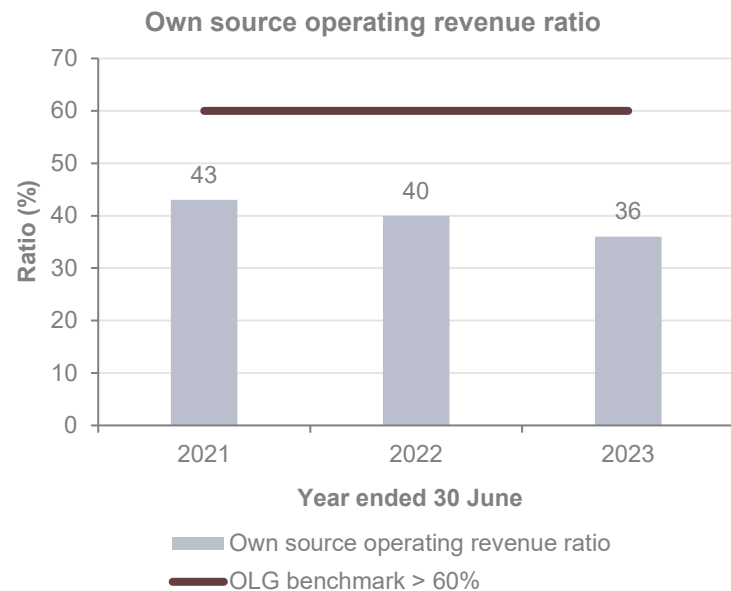
Own source operating revenue ratio

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

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

The Council did not meet the OLG benchmark for this reporting year.

The ratio continues to decline due to a decline in own source revenue compared to total revenue which is mainly attributable to increased grants and contributions.

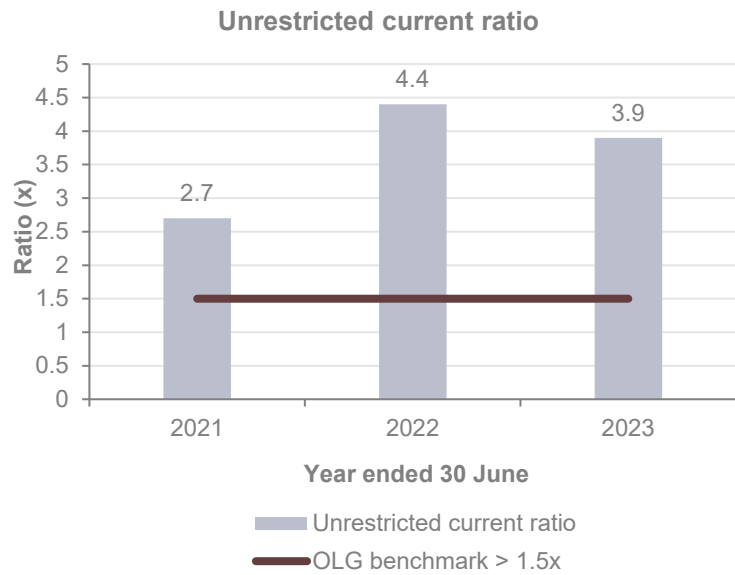


Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period.

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

The Council exceeded the OLG benchmark for this reporting year.

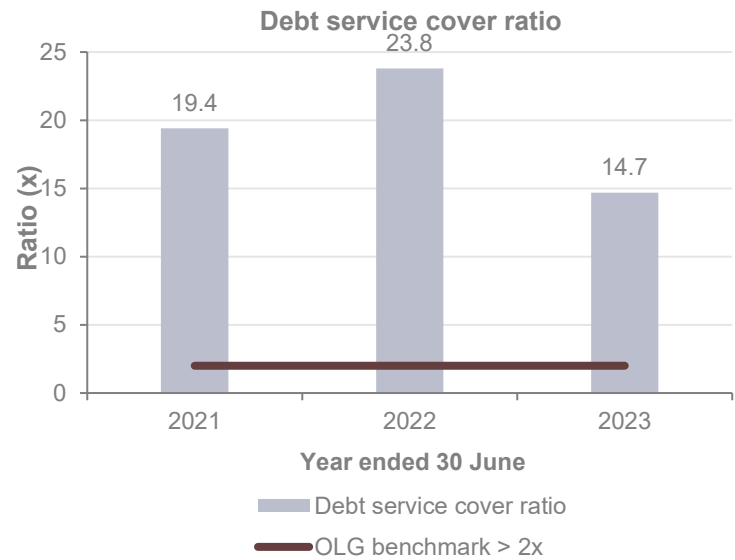


Debt service cover ratio

The Council exceeded the benchmark for the current reporting period.

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

The Council exceeded the OLG benchmark for the financial reporting year.

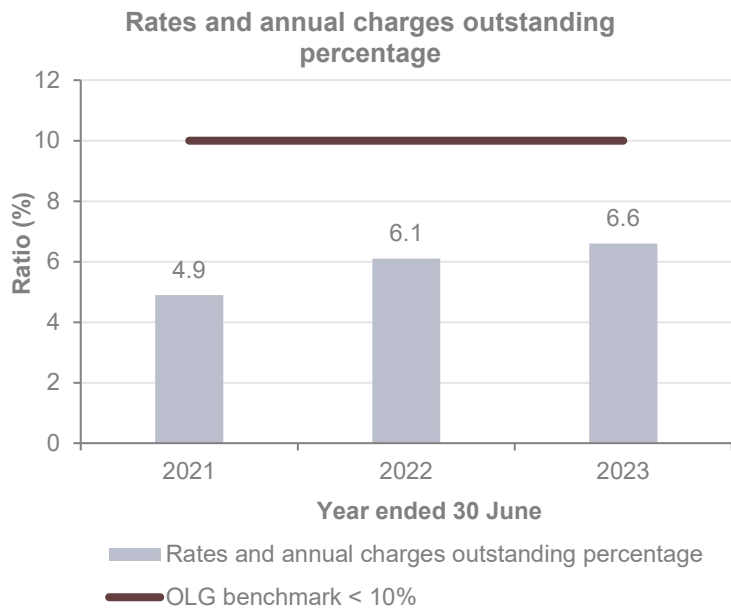


Rates and annual charges outstanding percentage

The Council exceeded the benchmark for the current reporting period.

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

The Council continues to meet the OLG benchmark. The ratio is consistent with the prior year.

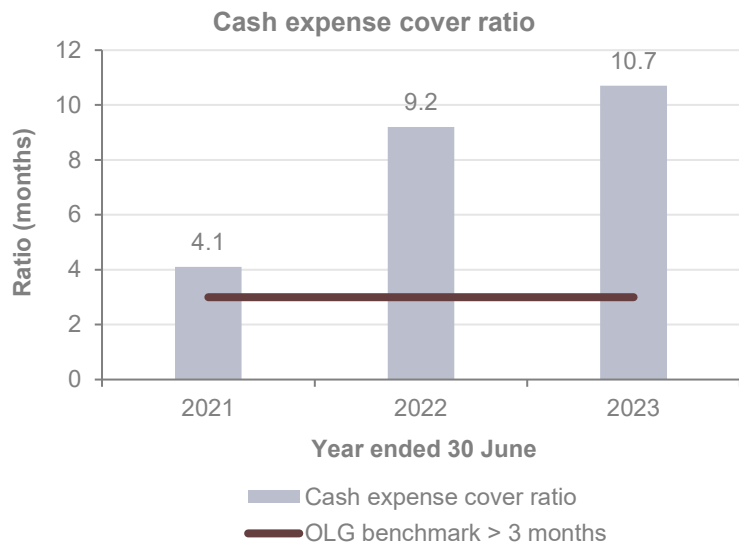


Cash expense cover ratio

The Council exceeded the benchmark for the current reporting period.

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

The Council exceeded the OLG benchmark for the financial reporting year.



Infrastructure, property, plant and equipment renewals

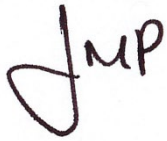
Infrastructure, property, plant and equipment renewal expenditure was \$6.2 million compared to \$5.5 million in 2021-22.

OTHER MATTERS

Legislative compliance

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

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



Jan-Michael Perez
Director, Financial Audit

Delegate of the Auditor-General for New South Wales