

# General Purpose Financial Statements

For the year ended 30 June 2023



*We're with you*

# Wingecarribee Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

68 Elizabeth Street  
Moss Vale NSW 2577

Council's guiding principles are detailed in Chapter 3 of the LGA and include:

- 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.wsc.nsw.gov.au](http://www.wsc.nsw.gov.au).

# Wingecarribee Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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

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

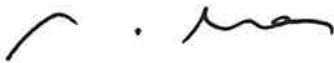
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

**Signed in accordance with a resolution of Council made on 20 September 2023.**



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Viv May PSM  
**Administrator**  
31 October 2023



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Lisa Miscamble  
**General Manager**  
31 October 2023



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Pav Kuzmanovski  
**Responsible Accounting Officer**  
31 October 2023

## Wingecarribee Shire Council

### Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	<b>Income from continuing operations</b>			
88,421	Rates and annual charges	B2-1	<b>90,034</b>	86,526
23,353	User charges and fees	B2-2	<b>23,584</b>	22,092
2,389	Other revenues	B2-3	<b>3,354</b>	2,596
9,570	Grants and contributions provided for operating purposes	B2-4	<b>26,644</b>	21,384
20,305	Grants and contributions provided for capital purposes	B2-4	<b>32,805</b>	35,350
1,142	Interest and investment income	B2-5	<b>6,601</b>	1,430
–	Other income	B2-6	<b>799</b>	846
<b>145,180</b>	<b>Total income from continuing operations</b>		<b>183,821</b>	170,224
	<b>Expenses from continuing operations</b>			
45,396	Employee benefits and on-costs	B3-1	<b>41,908</b>	38,367
44,896	Materials and services	B3-2	<b>71,809</b>	48,410
616	Borrowing costs	B3-3	<b>611</b>	741
31,232	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>38,050</b>	33,099
4,119	Other expenses	B3-5	<b>5,080</b>	16,717
–	Net loss from the disposal of assets	B4-1	<b>15,540</b>	3,507
<b>126,259</b>	<b>Total expenses from continuing operations</b>		<b>172,998</b>	140,841
<b>18,921</b>	<b>Operating result from continuing operations</b>		<b>10,823</b>	29,383
<b>18,921</b>	<b>Net operating result for the year attributable to Council</b>		<b>10,823</b>	29,383
<b>(1,384)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(21,982)</b>	(5,967)

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

## Wingecarribee Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	Restated 2022
<b>Net operating result for the year – from Income Statement</b>		<b>10,823</b>	29,383
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequent to operating result			
Gain / (loss) on revaluation of Infrastructure, property, plant and equipment	C1-8	<b>173,601</b>	304,662
<b>Total other comprehensive income for the year</b>		<b>173,601</b>	304,662
<b>Total comprehensive income for the year attributable to Council</b>		<b>184,424</b>	334,045

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



## Wingecarribee Shire Council

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	Restated 1 July 2021
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	13,860	12,043	15,456
Investments	C1-2	172,500	182,500	177,000
Receivables	C1-4	28,083	25,536	19,870
Inventories	C1-5	1,399	1,181	1,166
Contract assets	C1-6	17,244	6,837	4,547
Non-current assets classified as held for sale	C1-7	–	–	421
Other	C1-10	968	913	562
<b>Total current assets</b>		<b>234,054</b>	<b>229,010</b>	<b>219,022</b>
<b>Non-current assets</b>				
Investments	C1-2	13,000	10,000	–
Receivables	C1-4	526	590	618
Infrastructure, property, plant and equipment	C1-8	2,250,681	2,068,935	1,738,391
Intangible assets	C1-9	395	441	422
Right of use assets	C2-1	574	604	723
<b>Total non-current assets</b>		<b>2,265,176</b>	<b>2,080,570</b>	<b>1,740,154</b>
<b>Total assets</b>		<b>2,499,230</b>	<b>2,309,580</b>	<b>1,959,176</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	17,043	14,056	12,554
Contract liabilities	C3-2	15,662	9,729	4,448
Lease liabilities	C2-1	268	281	264
Borrowings	C3-3	2,733	2,969	3,269
Employee benefit provisions	C3-4	8,208	7,827	8,551
Other provisions	C3-5	1,371	–	–
<b>Total current liabilities</b>		<b>45,285</b>	<b>34,862</b>	<b>29,086</b>
<b>Non-current liabilities</b>				
Lease liabilities	C2-1	312	336	469
Borrowings	C3-3	12,044	17,448	20,417
Employee benefit provisions	C3-4	491	501	541
Other provisions	C3-5	17,554	17,313	3,588
<b>Total non-current liabilities</b>		<b>30,401</b>	<b>35,598</b>	<b>25,015</b>
<b>Total liabilities</b>		<b>75,686</b>	<b>70,460</b>	<b>54,101</b>
<b>Net assets</b>		<b>2,423,544</b>	<b>2,239,120</b>	<b>1,905,075</b>
<b>EQUITY</b>				
Accumulated surplus		828,814	817,991	788,608
Revaluation surplus	C4-1	1,594,730	1,421,129	1,116,467
<b>Total equity</b>		<b>2,423,544</b>	<b>2,239,120</b>	<b>1,905,075</b>

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

## Wingecarribee Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2023

		2023			2022		
		Accumulated surplus	Revaluation surplus	Total equity	Accumulated surplus	Revaluation surplus	Total equity
\$ '000	Notes				Restated	Restated	Restated
Opening balance at 1 July		817,991	1,421,129	2,239,120	787,969	1,116,467	1,904,436
Correction of prior period errors	G4-1	–	–	–	639	–	639
<b>Restated opening balance</b>		<b>817,991</b>	<b>1,421,129</b>	<b>2,239,120</b>	<b>788,608</b>	<b>1,116,467</b>	<b>1,905,075</b>
Net operating result for the year		10,823	–	10,823	29,383	–	29,383
<b>Other comprehensive income</b>							
– Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	173,601	173,601	–	304,662	304,662
<b>Total comprehensive income</b>		<b>10,823</b>	<b>173,601</b>	<b>184,424</b>	<b>29,383</b>	<b>304,662</b>	<b>334,045</b>
<b>Closing balance at 30 June</b>		<b>828,814</b>	<b>1,594,730</b>	<b>2,423,544</b>	<b>817,991</b>	<b>1,421,129</b>	<b>2,239,120</b>

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

## Wingecarribee Shire Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
88,154	Rates and annual charges		90,930	87,074
23,414	User charges and fees		25,100	23,034
1,179	Interest received		3,712	1,257
29,856	Grants and contributions		55,257	46,096
–	Bonds, deposits and retentions received		1,673	–
2,500	Other		12,448	11,311
<b>Payments:</b>				
(45,322)	Payments to employees		(41,044)	(40,591)
(44,719)	Payments for materials and services		(84,173)	(54,446)
(633)	Borrowing costs		(637)	(700)
–	Bonds, deposits and retentions refunded		–	(402)
(4,114)	Other		(3,511)	(3,601)
50,315	<b>Net cash flows from operating activities</b>	G1-1	59,755	69,032
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
8,434	Redemption of term deposits	B4-1	207,500	203,000
1,616	Proceeds from sale of IPPE	B4-1	1,028	674
–	Sale of non current assets classified as held for sale	B4-1	–	468
116	Deferred debtors receipts		82	65
<b>Payments:</b>				
–	Acquisition of term deposits		(200,500)	(218,500)
(59,319)	Payments for IPPE		(60,048)	(54,464)
–	Purchase of intangible assets	C1-9	(45)	(88)
–	Deferred debtors advances made		–	(30)
(49,153)	<b>Net cash flows from investing activities</b>		(51,983)	(68,875)
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
(2,968)	Repayment of borrowings	C3-3a	(5,640)	(3,269)
–	Principal component of lease payments	C3-3a	(315)	(301)
(2,968)	<b>Net cash flows from financing activities</b>		(5,955)	(3,570)
(1,806)	<b>Net change in cash and cash equivalents</b>		1,817	(3,413)
11,806	Cash and cash equivalents at beginning of year		12,043	15,456
10,000	<b>Cash and cash equivalents at end of year</b>	C1-1	13,860	12,043
163,088	plus: Financial investments at end of year	C1-2	185,500	192,500
173,088	<b>Total cash, cash equivalents and investments</b>		199,360	204,543

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



# Wingecarribee Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 31 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the Office of Local Government (OLG) directs Council to amend the financial statements.

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

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

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars, except where amounts are shown within text.

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying 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. Fair values of infrastructure, property, plant and equipment (IPPE) – refer Note C1-8,
- ii. Employee benefit provisions – refer Note C3-4,
- iii. Tip asset remediation provisions – refer Note C3-5.

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

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and/or AASB 1058 *Income of Not-for-Profit Entities* – refer Notes B2-2 to B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer Note C2-1.

### **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, all money and property received by Council is held in Council's Consolidated Fund unless it is required to be held in Council's Trust Fund.

The Consolidated Fund has been included in the financial statements of Council. Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water supply service
- Sewerage service

## A1-1 Basis of preparation (continued)

- Section 355 Committees of Council.

### The Trust Fund

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council receives volunteer services for a number of purposes, such as membership of advisory committees, s.355 Committees operation, bushcare activities, library book covering and interaction with animals at the Animal Shelter. The services provided by the volunteers unquestionably provide value to Council. However, the value of volunteer services has not been recognised within Council's financial statements. This is because the value of the services provided often cannot be reliably measured in order to meet the recognition requirements within Australian Accounting Standards. Where the volunteer services could be reliably measured, Council has assessed those services in accordance with the relevant Australian Accounting Standards and has determined that the services would not be purchased if they were not donated. As such, recognition in Council's financial statements is not required.

### 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 the pronouncements in these financial statements before their operative dates in the annual reporting period beginning 1 July 2022.

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

### New accounting standards adopted during the year

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

None of these standards had a significant impact on reported position or performance.

### Comparative figures

Certain comparative figures presented in these financial statements have been revised as a result of the first recognition of land under roads (post 1 July 2008). Refer to Note G4-1 Changes from prior year statements correction of errors for more information.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions or activities</b>										
Leadership	67,888	64,134	49,810	44,401	18,078	19,733	7,898	7,683	383,776	316,714
People	4,871	4,063	12,045	9,190	(7,174)	(5,127)	2,174	1,768	49,030	41,325
Places	89,787	75,429	92,762	59,136	(2,975)	16,293	45,186	36,691	1,844,867	1,762,299
Environment	19,556	25,511	16,553	26,560	3,003	(1,049)	4,116	10,535	200,393	172,927
Economy	1,719	1,087	1,828	1,554	(109)	(467)	75	57	21,164	16,315
<b>Total functions and activities</b>	<b>183,821</b>	<b>170,224</b>	<b>172,998</b>	<b>140,841</b>	<b>10,823</b>	<b>29,383</b>	<b>59,449</b>	<b>56,734</b>	<b>2,499,230</b>	<b>2,309,580</b>

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

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

##### Leadership

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance; corporate support and other resourcing support services.

##### People

Includes fire protection, emergency services, enforcement of regulations and animal control; social protection (welfare); aboriginal and other community services and administration; youth services; aged and disabled persons services; swimming pools; children's services, including family day care; child care; and other family and children's services.

##### Places

Includes urban local and urban regional sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes; public cemeteries; public conveniences; street lighting; town planning; public libraries; community centres and halls; sporting grounds and venues; parks; gardens and other sporting and recreational services; water supplies; sewerage services; drainage; stormwater management; quarries and pits.

##### Environment

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

##### Economy

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; and Southern Regional Livestock Exchange (SRLX).

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	Notes	2023	2022
<b>Ordinary rates</b>			
Residential		42,182	41,088
Farmland		4,969	4,855
Business		6,660	6,398
Mining		350	343
Less: pensioner rebates (mandatory)		(753)	(766)
<b>Rates levied to ratepayers</b>		<b>53,408</b>	<b>51,918</b>
Pensioner rate subsidies received		414	421
<b>Total ordinary rates</b>		<b>53,822</b>	<b>52,339</b>
<b>Special rates</b>			
Special environmental levy		1,473	1,432
<b>Total special rates</b>		<b>1,473</b>	<b>1,432</b>
<b>Annual charges (pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</b>			
Domestic waste management services		10,578	9,770
Water supply services		4,316	4,100
Sewerage services		19,657	18,708
Stormwater management services		550	542
Less: pensioner rebates (mandatory)		(806)	(811)
<b>Annual charges levied</b>		<b>34,295</b>	<b>32,309</b>
Pensioner annual charges subsidies received:			
– Domestic waste management services		116	113
– Water supply services		172	175
– Sewerage services		156	158
<b>Total annual charges</b>		<b>34,739</b>	<b>32,755</b>
<b>Total rates and annual charges</b>		<b>90,034</b>	<b>86,526</b>

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

#### Accounting policy

Rates and annual charges are recognised as revenue at the 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. Refer Note C3-1.

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

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



## B2-2 User charges and fees

\$ '000	Notes	2023	2022
<b>Specific user charges (per s.502 specific user charges)</b>			
Water supply services		8,206	7,717
Sewerage services		1,314	1,199
Waste management services (non-domestic)		3,548	3,601
<b>Total specific user charges</b>		<b>13,068</b>	<b>12,517</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Private works – section 67		1,937	655
Building services – other		1,070	1,848
Planning and building - regulatory		1,510	1,652
Inspection services		48	60
Section 10.7 certificates (EP&A Act)		262	227
Section 603 certificates		162	219
<b>Total fees and charges – statutory/regulatory</b>		<b>4,989</b>	<b>4,661</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Cemeteries		302	320
Childcare		468	455
Contract retention		–	379
Halls and parks rental		112	76
Permits and licences		283	290
Pound fees and animal income		117	105
Quarry revenues		156	152
Saleyards		945	833
Sewer connections		52	240
Swimming centres		2,110	1,637
Tourism income		168	127
Tulip time		475	1
Water connections		103	157
Other		236	142
<b>Total fees and charges – other</b>		<b>5,527</b>	<b>4,914</b>
<b>Total other user charges and fees</b>		<b>10,516</b>	<b>9,575</b>
<b>Total user charges and fees</b>		<b>23,584</b>	<b>22,092</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time		–	–
User charges and fees recognised at a point in time		23,584	22,092
<b>Total user charges and fees</b>		<b>23,584</b>	<b>22,092</b>

### Accounting policy

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

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

Where an upfront fee is charged, the fee is recognised on a straight-line basis over the period to which the payment relates.

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

## B2-3 Other revenues

\$ '000	Notes	2023	2022
Parking fines		72	120
Other fines		37	33
Commissions and agency fees		45	39
Diesel rebate		64	96
Insurance claims recoveries		338	742
Legal fees recovery – rates and charges (extra charges)		504	22
Other Rebates and reimbursements		238	526
Recovery of Lehman Brothers CDOs		1,130	3
Recycling and sundry sales		427	552
Vehicle leaseback fees		481	395
Other		18	68
<b>Total other revenue</b>		<b>3,354</b>	<b>2,596</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time	–	–
Other revenue recognised at a point in time	3,354	2,596
<b>Total other revenue</b>	<b>3,354</b>	<b>2,596</b>

### Accounting policy

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

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

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

## B2-4 Grants and contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Financial assistance grant (untied)</b>					
- Relating to current year		1,527	2,793	-	-
- Prepayment received in advance for subsequent year		6,226	4,297	-	-
<b>Amount recognised as income during the year</b>		<b>7,753</b>	<b>7,090</b>	<b>-</b>	<b>-</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Community care		424	168	-	-
Environmental programs		1,024	4,409	-	-
Heritage and cultural		-	61	-	-
Local Infrastructure Renewal Scheme subsidy		54	72	-	-
Noxious weeds		89	35	-	-
NSW rural fire services		347	699	141	31
Recreation and culture		294	242	2,799	3,048
Children services		624	632	-	-
Housing and community		489	222	-	-
Street lighting		114	112	-	-
Tourism		80	44	-	-
Transport and communication		15,088	7,207	22,898	16,974
Youth services		5	64	-	-
Other specific grants		80	-	-	-
Childcare services		2	2	-	-
Other contributions		146	3	36	-
Administration		25	-	-	-
Aged and disabled		6	-	-	-
Sewerage services		-	-	230	71
Bushfire services		-	108	-	-
Community services		-	17	-	-
Roads and bridges		-	31	-	139
Recreation and culture		-	17	-	127
Management committees		-	99	-	-
Apprenticeships		-	50	-	-
Drainage		-	-	-	18
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>18,891</b>	<b>14,294</b>	<b>26,104</b>	<b>20,408</b>
<b>Non-cash contributions</b>					
Bushfire services		-	-	434	486
Dedications–subdivisions (other than by Section 7.11)		-	-	1,931	7,886
<b>Total other contributions – non-cash</b>	G1-1	<b>-</b>	<b>-</b>	<b>2,365</b>	<b>8,372</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>18,891</b>	<b>14,294</b>	<b>28,469</b>	<b>28,780</b>
<b>Total grants and non-developer contributions</b>		<b>26,644</b>	<b>21,384</b>	<b>28,469</b>	<b>28,780</b>
<b>Comprising:</b>					
– State funding		17,976	13,260	24,011	13,993
– Commonwealth funding		8,638	7,988	2,653	6,131
– Other funding		30	136	1,805	8,656
		<b>26,644</b>	<b>21,384</b>	<b>28,469</b>	<b>28,780</b>

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

<b>\$ '000</b>	<b>Notes</b>	<b>Operating 2023</b>	<b>Operating 2022</b>	<b>Capital 2023</b>	<b>Capital 2022</b>
<b>Developer contributions</b>					
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	<b>1,144</b>	1,475
S 7.12 – fixed development consent levies		–	–	<b>227</b>	186
S 64 – water supply contributions		–	–	<b>1,482</b>	2,442
S 64 – sewerage service contributions		–	–	<b>1,311</b>	2,055
S 64 – stormwater contributions		–	–	<b>172</b>	412
<b>Total developer contributions</b>	G5-1	<b>–</b>	<b>–</b>	<b>4,336</b>	<b>6,570</b>
<b>Total grants and contributions</b>	B1-1	<b>26,644</b>	<b>21,384</b>	<b>32,805</b>	<b>35,350</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		<b>1,211</b>	1,193	<b>25,316</b>	18,833
Grants and contributions recognised at a point in time		<b>25,433</b>	20,191	<b>7,489</b>	16,517
<b>Total grants and contributions</b>		<b>26,644</b>	<b>21,384</b>	<b>32,805</b>	<b>35,350</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Operating and Capital grants</b>					
Unspent funds at 1 July		8,768	3,919	8,103	3,241
<b>Add:</b> Grants recognised as revenue in the reporting year but not yet spent in accordance with the conditions		7,616	8,219	–	–
<b>Add:</b> Grants received and not recognised as revenue in the current year		54	89	11,371	6,462
<b>Less:</b> Grants recognised as revenue in previous years that have been spent during the reporting year		(7,544)	(3,447)	–	(19)
<b>Less:</b> Grants received in prior year but revenue recognised and funds spent in current year	C3-2	(85)	(12)	(5,419)	(1,581)
<b>Unspent funds at 30 June</b>		<b>8,809</b>	<b>8,768</b>	<b>14,055</b>	<b>8,103</b>
<b>Contributions</b>					
Unspent funds at 1 July		70	74	53,630	55,148
<b>Add:</b> Contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions		–	31	6,082	7,029
<b>Add:</b> Contributions received and not recognised as revenue in the current year		–	2	–	–
<b>Less:</b> Contributions recognised as revenue in previous years that have been spent during the reporting year		(59)	(32)	(4,818)	(8,547)
<b>Less:</b> Contributions received in prior year but revenue recognised and funds spent in current year	C3-2	(2)	(5)	–	–
<b>Unspent contributions at 30 June</b>		<b>9</b>	<b>70</b>	<b>54,894</b>	<b>53,630</b>

### 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 obligation is transferred.

The performance obligations vary according to the agreement but include the events and the delivery of specific activities. 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)

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### 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 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.

Council reviews its resourcing every quarter to ensure that grant funds are spent in a timely manner.



## B2-5 Interest and investment income

\$ '000	Notes	2023	2022
<b>Interest on financial assets measured at amortised cost</b>			
– Overdue rates and annual charges (incl. special purpose rates)		324	213
– Cash and investments		6,258	1,197
<b>Amortisation of premiums and discounts</b>			
– Interest free (and interest reduced) loans provided	G1-1	19	20
<b>Total interest and investment income</b>		<b>6,601</b>	<b>1,430</b>
<b>Interest and investment income is attributable to:</b>			
<b>Unrestricted investments/financial assets:</b>			
Overdue rates and annual charges (general fund)		221	131
General Council cash and investments		1,603	352
<b>Restricted investments/funds – external:</b>			
Development contributions (by Fund)	G5-1		
- Section 7.11 and s7.12 contributions		676	129
- Section 64 contributions – water supply		570	121
- Section 64 contributions – Sewer service		480	109
- Section 64 contributions – Stormwater		27	16
Water fund operations		1,476	293
Sewerage fund operations		1,546	278
Unspent grants		2	1
<b>Total interest and investment income</b>		<b>6,601</b>	<b>1,430</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2023	2022
Reversal of impairment losses on receivables	C1-4	6	12
Rental income	C2-2	793	834
<b>Total other income</b>		<b>799</b>	<b>846</b>

## B3 Costs of providing services

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

\$ '000	Notes	2023	2022
Salaries and wages		33,596	31,922
Employee leave entitlements		3,859	2,822
Superannuation		3,685	3,455
Workers' compensation insurance		2,649	2,299
Fringe benefit tax		59	58
Payroll tax		344	290
Other		108	73
<b>Total employee costs</b>		<b>44,300</b>	<b>40,919</b>
Less: capitalised costs		(2,392)	(2,552)
<b>Total employee costs expensed</b>		<b>41,908</b>	<b>38,367</b>

#### Accounting policy

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

#### Retirement benefit obligations

All employees of 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 Note E3-1 for more information.

## B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		14,841	12,455
Contractor costs		91,126	67,116
Consultancy costs		2,289	2,998
Audit Fees	F2-1	140	115
Advertising		224	200
Bank charges		554	355
Chemicals		988	743
Clothing and personal safety equipment		167	96
Computer hardware maintenance		383	275
Computer software charges		1,725	1,496
Interim Administrator/Administrator fees and associated expenses	F1-2	340	332
Electricity and heating		2,768	2,126
Insurance		2,432	1,702
Licence and registration		201	317
Postage and courier delivery		293	242
Printing and stationery		210	178
Promotions		11	9
Property rental and equipment hires		171	145
Repairs and maintenance		911	851
Street lighting		583	673
Subscriptions and publications		387	349
Telephone and communications		533	486
Training, conference and education		392	287
Valuation fees		199	188
Waste management services		4,413	4,246
Water determination		132	65
Water purchases		1,334	1,156
Other expenses		149	95
<b>Legal expenses:</b>			
– Legal expenses: planning and development		893	706
– Legal expenses: other		671	408
<b>Total materials and services</b>		<b>129,460</b>	<b>100,410</b>
Less: capitalised costs		(57,651)	(52,000)
<b>Total materials and services</b>		<b>71,809</b>	<b>48,410</b>

### Accounting policy

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

### B3-3 Borrowing costs

\$ '000	Notes	2023	2022
<b>(i) Interest bearing liability costs</b>			
Interest on loans		<b>590</b>	710
Interest on leases	C2-1	<b>21</b>	23
<b>Total interest bearing liability costs expensed</b>		<b>611</b>	<b>733</b>
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Interest free (or favourable) advances made by Council	G1-1	<b>–</b>	8
<b>Total other borrowing costs</b>		<b>–</b>	<b>8</b>
<b>Total borrowing costs expensed</b>		<b>611</b>	<b>741</b>

#### Accounting policy

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

Other borrowing costs are the fair value adjustments on the recognition of the interest free advance to the sports entities made by Council, discount to present value using the effective interest rate method.

No borrowing costs were capitalised for the year ended 30 June 2023.

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

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment	C1-8	2,495	2,417
Office equipment	C1-8	139	132
Furniture and fittings	C1-8	59	55
<b>Infrastructure:</b>	C1-8		
– Buildings		2,447	2,444
– Other structures		332	268
– Roads		13,930	11,882
– Bridges		449	405
– Footpaths		1,109	934
– Stormwater drainage		1,206	1,350
– Water supply network		6,086	5,329
– Sewerage network		7,376	5,673
– Open space/recreational assets		1,865	1,671
– Artworks and monuments		10	10
<b>Other assets:</b>	C1-8		
– Library books		147	155
– Other		1	1
Intangible assets	C1-9	91	69
Right of use assets	C2-1	308	304
<b>Total depreciation, amortisation and impairment for non-financial assets</b>	G1-1	<b>38,050</b>	<b>33,099</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost/fair value, net of their residual values, over their estimated useful lives.

#### Impairment of non-financial assets

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

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

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

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

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

## B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of contract assets	C1-6	5	2
Donations, contributions and assistance to other organisations (Section 356)		1,323	1,171
Contributions/levies to other levels of government			
– Waste levy		1,071	868
– Emergency services levy (includes FRNSW, SES, and RFS levies)		985	901
Landfill remediation and restoration	C3-5,G1-1	1,612	13,725
Other		84	50
<b>Total other expenses</b>		<b>5,080</b>	<b>16,717</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

### Landfill remediation and restoration

A pre-feasibility/conceptual cost estimate was determined, in support of the closure of the former landfill site at Welby. The cost estimate accounts for preliminaries, planning and preparation, owner's costs (including engineering design and project management), contractor direct construction costs, project contingency, and three years post-construction monitoring. Refer to Note C3-5 for more information.

## B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of Infrastructure, plant and equipment</b>			
Proceeds from disposal		1,028	674
Less: carrying value of IPPE assets sold / written off	C1-8	(16,568)	(4,217)
<b>Gain (or loss) on disposal</b>		<b>(15,540)</b>	<b>(3,543)</b>
<b>Gain (or loss) on disposal of non-current assets classified as held for sale</b>			
Proceeds from disposal		–	468
Less: carrying value of non current assets held for sale	C1-7	–	(432)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>36</b>
<b>Gain (or loss) on disposal of investments</b>			
Proceeds from disposal/redemption/maturities		207,500	203,000
Less: carrying value of investments		(207,500)	(203,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(15,540)</b>	<b>(3,507)</b>

### Accounting policy

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



## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by 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 -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	<b>88,421</b>	<b>90,034</b>	<b>1,613</b>	<b>2% F</b>
No material budget variations.				
<b>User charges and fees</b>	<b>23,353</b>	<b>23,584</b>	<b>231</b>	<b>1% F</b>
No material budget variations.				
<b>Other revenues</b>	<b>2,389</b>	<b>3,354</b>	<b>965</b>	<b>40% F</b>
Council received a settlement from a class action relating to the investment in Lehman Bros CDOs made before the Global Financial Crisis in 2008. This is the last payment relating to the settlement of the Lehman Bros CDO investments resulting in a \$1.1M favorable outcome in comparison to the original adopted budget. Other favorable budget outcomes include legal recovery fees of \$277K and Waste and Recycling rebates of \$236K. It is noted that Parking Fines Revenue was \$162K lower than the original adopted budget.				
<b>Operating grants and contributions</b>	<b>9,570</b>	<b>26,644</b>	<b>17,074</b>	<b>178% F</b>
An additional \$13.7M in Operating Grant revenue was included in the 2022/23 Financial Statements that related to the Disaster Recovery Funding Arrangement (DRFA) administered by the Reconstruction Authority NSW. This Operating Grant revenue relates to the natural disasters experienced between February 2022 and September 2022 and was not included in the adopted budget due to the timing of the natural disaster events. The funds for these natural disasters had not been received by Council as at 30 June 2023. In addition to this, the uncontested Financial Assistance Grant advance payment was \$2.1M higher than the original adopted budget and \$500K favorable in grant funding relating to a number of Koala Preservation projects.				
<b>Capital grants and contributions</b>	<b>20,305</b>	<b>32,805</b>	<b>12,500</b>	<b>62% F</b>
Council received \$1.85M of dedicated assets as a result of planning agreements that include roads and drainage assets for developments completed during the year. In addition to this and in accordance with Accounting Standards, \$434K of Rural Fire Service assets were included in the 2022/23 Financial Statements. Additional grants that were not included in Council's adopted original budget include \$12.9M relating to various Transport and Communication projects including the Fixing Local Roads Program and Get NSW Active Program.				
<b>Interest and investment revenue</b>	<b>1,142</b>	<b>6,601</b>	<b>5,459</b>	<b>478% F</b>
Interest and investment revenue exceeded the original budget forecasts due to the sharp increases in inflation and interest rates throughout the 2022/23 financial year. At the time of preparing the original budget, Council forecast interest rates to remain historically low (1.5%) and achieved an actual average rate of return on investments of 4.55% as at June 2023. Interest and Investment revenue is allocated to the general, water and sewer funds.				
<b>Other income</b>	<b>–</b>	<b>799</b>	<b>799</b>	<b>∞ F</b>
No material budget variations.				

## B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	<b>45,396</b>	<b>41,908</b>	<b>3,488</b>	<b>8% F</b>
No material budget variations.				
<b>Materials and services</b>	<b>44,896</b>	<b>71,809</b>	<b>(26,913)</b>	<b>(60)% U</b>
An additional \$12.3M in Materials and Services has been included in the 2022/23 Financial Statements that relates to the Disaster Recovery Funding Arrangement (DRFA) administered by the Reconstruction Authority NSW. This additional operating expenditure relates to the natural disasters experienced between February 2022 and September 2022 and was not included in the adopted budget due to the timing of the natural disaster events. Council has used internally restricted reserves to temporarily fund these works until DRFA funds are received.				
Council expended an additional \$4.6M to provide additional resources to address the backlog of development applications which were partially offset by savings in salaries and wages. This reduction has seen the backlog and processing time of development applications reduce for the 2022/23 financial year.				
Other significant increases in Materials and Services were a result of vacancies of staff filled by contractors and offset by savings in salaries and wages.				
<b>Borrowing costs</b>	<b>616</b>	<b>611</b>	<b>5</b>	<b>1% F</b>
No material budget variations.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>31,232</b>	<b>38,050</b>	<b>(6,818)</b>	<b>(22)% U</b>
Council performed a revaluation of its infrastructure assets during the 2021/22 financial year, which increased the value of Council's asset base. The impact of the increased value of Council's asset base has resulted in higher than anticipated depreciation for the current financial year. Whilst depreciation is a non-cash item, increased depreciation costs will require Council to review its future replacement costs of its assets within its Long Term Financial Plan.				
<b>Other expenses</b>	<b>4,119</b>	<b>5,080</b>	<b>(961)</b>	<b>(23)% U</b>
Other Expenses exceeded the original budget primarily due to the revised cost estimate relating to the provision for the Welby Landfill closure plan of \$1.6M.				
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>15,540</b>	<b>(15,540)</b>	<b>∞ U</b>
Council does not estimate the net profit/loss from the disposal of assets in preparing its budget. As Council reviews its Asset Management Systems, the net gain/loss from disposals will be reviewed in further detail to provide an accurate estimate for inclusion in the budget.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	<b>50,315</b>	<b>59,755</b>	<b>9,440</b>	<b>19% F</b>
Net cash from operating activities has varied from the original budget due to an increase in interest rates on term deposits, resulting in additional return on investments and increased grants and contributions income.				
<b>Cash flows from investing activities</b>	<b>(49,153)</b>	<b>(51,983)</b>	<b>(2,830)</b>	<b>6% U</b>
No material budget variations.				
<b>Cash flows from financing activities</b>	<b>(2,968)</b>	<b>(5,955)</b>	<b>(2,987)</b>	<b>101% U</b>
This variance was in relation to Council resolving to repay the outstanding loan balance of \$2.7M for the Robertson Sewerage Scheme loan from Sewer Fund reserves instead of extending the loan due to the high interest rates.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	2,397	941
Cash equivalent assets		
– Deposits at call	11,463	11,102
<b>Total cash and cash equivalents</b>	<b>13,860</b>	<b>12,043</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,860	12,043
<b>Balance as per Statement of Cash Flows</b>	<b>13,860</b>	<b>12,043</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Debt securities at amortised cost</b>					
Term deposits		172,500	13,000	182,500	10,000
<b>Total financial investments</b>	E2-1	<b>172,500</b>	<b>13,000</b>	<b>182,500</b>	<b>10,000</b>
<b>Total cash assets, cash equivalents and investments</b>	E1-1a	<b>186,360</b>	<b>13,000</b>	<b>194,543</b>	<b>10,000</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

## C1-2 Financial investments (continued)

### Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

Council does not have any investments in financial assets classified as FVTPL or FVOCI (equity) as at 30 June 2023 (2022: \$nil).

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

\$ '000	Notes	2023	2022
(a) Externally restricted cash, cash equivalents and investments			
<b>Total cash, cash equivalents and investments</b>		<b>199,360</b>	<b>204,543</b>
Less: Externally restricted cash, cash equivalents and investments		<b>(179,348)</b>	<b>(163,284)</b>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>		<b>20,012</b>	<b>41,259</b>
<b>a-i) External restrictions – included in liabilities</b>			
External restrictions included in cash, cash equivalents and investments above comprise:			
Specific purpose unexpended grants – general fund		<b>9,065</b>	8,201
Specific purpose unexpended grants – sewer fund	D1-2	<b>5,000</b>	–
<b>External restrictions – included in liabilities</b>	C3-2	<b>14,065</b>	<b>8,201</b>
<b>a-ii) External restrictions – other</b>			
External restrictions included in cash, cash equivalents and investments above comprise:			
Developer contributions – general fund	G5-1	<b>21,290</b>	19,367
Developer contributions – water fund	D1-2, G5-1	<b>18,036</b>	16,660
Developer contributions – sewer fund	D1-2, G5-1	<b>14,731</b>	15,726
Developer contributions – stormwater fund	G5-1	<b>661</b>	1,737
Specific purpose unexpended grants (recognised as revenue)		<b>916</b>	2,047
Water fund	D1-2	<b>49,973</b>	46,460
Sewer fund	D1-2	<b>48,388</b>	43,548
Domestic waste management		<b>8,076</b>	6,617
Stormwater management		<b>593</b>	555
Environment levy		<b>1,336</b>	1,207
Quarry royalties		<b>1,283</b>	1,159
<b>External restrictions – other</b>		<b>165,283</b>	<b>155,083</b>
<b>Total external restrictions</b>		<b>179,348</b>	<b>163,284</b>

Cash, cash equivalents and investments the use of which is subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or under contractual arrangements.

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

### (b) Internal allocations

#### Cash, cash equivalents and investments not subject to external restrictions

	<b>20,012</b>	<b>41,259</b>
Less: Internally restricted cash, cash equivalents and investments	<b>(12,937)</b>	<b>(36,132)</b>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>7,075</b>	<b>5,127</b>

#### Internal allocations

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

Bonds and Deposits	C3-1	<b>4,492</b>	2,819
Capital Works		–	8,327
Property Development		–	2,225
Council Election		<b>360</b>	492
Employees Leave Entitlements		<b>1,196</b>	1,521
Financial Assistance Grant	B2-4	–	4,297
Investing in Our Future		<b>5,946</b>	8,872
Management Committees		<b>368</b>	319
Mayoral Relief Fund	C3-1	<b>44</b>	43
Plant and Fleet Replacement		<b>500</b>	3,322
Revolving Energy Fund		<b>31</b>	220
Waste Facilities General Fund		–	3,675
<b>Total internal allocations</b>		<b>12,937</b>	<b>36,132</b>

Cash, cash equivalents and investments not subject to external restrictions are internally allocated based on the Financial Reserves Policy of Council.

## C1-4 Receivables

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	E1-1b	3,664	–	4,418	–
Interest and extra charges		508	–	304	–
User charges and fees		2,332	–	3,187	–
Accrued revenues					
– Interest on investments		3,441	–	726	–
– User charges & fees, other income		8,609	–	8,154	–
Government grants and subsidies		7,687	–	6,800	–
Net GST receivable		1,715	–	1,865	–
Advance to organisations and entities		64	526	63	590
Security deposits paid by Council		80	–	87	–
Other debtors		29	–	30	–
<b>Total</b>	E1-1b	<b>28,129</b>	<b>526</b>	<b>25,634</b>	<b>590</b>
<b>Less: provision for impairment</b>					
User charges and fees		(46)	–	(98)	–
<b>Total</b>	E1-1b	<b>(46)</b>	<b>–</b>	<b>(98)</b>	<b>–</b>
<b>Total net receivables</b>		<b>28,083</b>	<b>526</b>	<b>25,536</b>	<b>590</b>

\$ '000	Notes	2023	2022
<b>Movement in provision for impairment of receivables</b>			
Opening impairment allowance calculated under AASB 9		98	110
Movement through provision	G1-1	(6)	(12)
Less: amounts already provided for and written off this year	G1-1	(46)	–
<b>Balance at the end of the year</b>		<b>46</b>	<b>98</b>

### Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate 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 estimating ECL, 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.

When considering the ECL for rates and annual charges 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.

Credit losses are measured at 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.

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

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

Where 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.



## C1-5 Inventories

<b>\$ '000</b>	<b>2023 Current</b>	<b>2022 Current</b>
Stores and materials	<b>595</b>	429
Trading stock	<b>25</b>	31
Accountable items	<b>779</b>	721
<b>Total inventories</b>	<b>1,399</b>	<b>1,181</b>

### 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

### Contract assets

<b>\$ '000</b>	<b>2023 Current</b>	<b>2022 Current</b>
Work relating to infrastructure grants	<b>17,251</b>	6,839
Less: impairment of contract assets	<b>(7)</b>	(2)
<b>Total contract assets</b>	<b>17,244</b>	<b>6,837</b>

### Accounting policy

#### Contract assets

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

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

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

Several storm and flooding events were declared natural disasters in the Wingecarribee local government area between February 2022 and September 2022. Council recognised \$11.7M in relation to the Disaster Recovery Funding Arrangement, administered by the Reconstruction Authority NSW, as a contract asset rather than a receivable as at 30 June 2023. The claim had not been finalised by the Authority at the reporting date and therefore Council had no right to invoice.

## C1-7 Non-current assets classified as held for sale

### Reconciliation of non-current assets held for sale

\$ '000	Notes	2023	2022
<b>Opening balance</b>		–	421
Add: additional costs capitalised		–	11
Less: carrying value of assets sold	B4-1	–	(432)
<b>Balance still unsold after 12 months:</b>		–	–
<b>Closing balance of held for sale non-current assets and operations</b>		–	–

### Accounting policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

## C1-8 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 Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments / decrements	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	39,862	–	39,862	17,129	3,361	(1,077)	–	(23,169)	–	–	36,106	–	36,106
Plant and equipment	32,062	(16,626)	15,436	–	3,333	(971)	(2,495)	–	–	–	33,559	(18,256)	15,303
Office equipment	8,444	(7,906)	538	–	47	–	(139)	–	–	–	8,457	(8,011)	446
Furniture and fittings	1,712	(1,381)	331	–	306	–	(59)	–	–	–	2,018	(1,440)	578
<b>Land:</b>													
– Operational land	166,365	–	166,365	–	–	–	–	30	70	38,427	204,892	–	204,892
– Community land	77,086	–	77,086	–	–	–	–	–	(70)	(5,304)	71,712	–	71,712
– Crown land	23,532	–	23,532	–	–	–	–	–	–	(2,429)	21,103	–	21,103
– Land under roads (post 1/7/08) <sup>2</sup>	803	–	803	–	84	–	–	–	–	330	1,217	–	1,217
<b>Infrastructure:</b>													
– Buildings	172,557	(53,827)	118,730	4,333	212	(868)	(2,447)	5,048	(726)	17,606	188,575	(46,687)	141,888
– Other structures	10,076	(3,108)	6,968	61	225	(9)	(332)	–	726	619	11,951	(3,693)	8,258
– Roads	728,525	(220,981)	507,544	13,644	1,350	(830)	(13,930)	7,073	–	34,098	799,914	(250,965)	548,949
– Bridges	44,126	(8,650)	35,476	2,136	–	(962)	(449)	–	–	2,480	47,433	(8,752)	38,681
– Footpaths	51,439	(15,440)	35,999	896	1,591	(226)	(1,109)	–	–	2,401	57,150	(17,598)	39,552
– Bulk earthworks	272,341	–	272,341	472	–	–	–	–	–	19,740	292,553	–	292,553
– Stormwater drainage	202,428	(36,017)	166,411	1,528	3,909	(430)	(1,206)	–	–	20,147	231,935	(41,576)	190,359
– Water supply network	435,200	(202,007)	233,193	1,194	1,197	(7,415)	(6,086)	3,506	–	17,596	450,558	(207,373)	243,185
– Sewerage network	508,429	(166,657)	341,772	3,689	330	(1,772)	(7,376)	7,511	–	25,859	553,432	(183,419)	370,013
– Open space/recreational assets	43,327	(19,183)	24,144	748	446	(2,008)	(1,865)	–	–	2,031	42,538	(19,042)	23,496
– Artworks and monuments	2,449	(473)	1,976	–	–	–	(10)	–	–	–	2,449	(483)	1,966
<b>Other assets:</b>													
– Library books	5,690	(5,263)	427	–	143	–	(147)	–	–	–	5,833	(5,410)	423
– Other	12	(11)	1	–	–	–	(1)	1	–	–	12	(11)	1
<b>Total infrastructure, property, plant and equipment</b>	<b>2,826,465</b>	<b>(757,530)</b>	<b>2,068,935</b>	<b>45,830</b>	<b>16,534</b>	<b>(16,568)</b>	<b>(37,651)</b>	<b>–</b>	<b>–</b>	<b>173,601</b>	<b>3,063,397</b>	<b>(812,716)</b>	<b>2,250,681</b>

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

(2) Details on prior period error on land under roads can be found in Note G4-1

## C1-8 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 Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (RS) Restated	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated
<b>\$ '000</b>												
Capital work in progress	35,531	–	35,531	19,206	4,734	(296)	–	(19,313)	–	39,862	–	39,862
Plant and equipment	31,075	(15,392)	15,683	–	2,703	(533)	(2,417)	–	–	32,062	(16,626)	15,436
Office equipment	8,201	(7,774)	427	–	243	–	(132)	–	–	8,444	(7,906)	538
Furniture and fittings	1,629	(1,326)	303	–	78	–	(55)	5	–	1,712	(1,381)	331
<b>Land:</b>												
– Operational land	136,404	–	136,404	–	972	–	–	1,744	27,245	166,365	–	166,365
– Community land	61,566	–	61,566	–	20	–	–	–	15,500	77,086	–	77,086
– Crown land	18,706	–	18,706	–	–	–	–	–	4,826	23,532	–	23,532
<sup>2</sup> Land under roads (post 30/6/08)	639	–	639	–	–	–	–	–	164	803	–	803
<b>Infrastructure:</b>												
– Buildings	140,015	(43,464)	96,551	1,332	214	(1,284)	(2,444)	9,887	14,474	172,557	(53,827)	118,730
– Other structures	9,172	(2,563)	6,609	–	–	–	(268)	2	625	10,076	(3,108)	6,968
– Roads	639,665	(189,041)	450,624	13,200	2,053	(613)	(11,882)	3,358	50,804	728,525	(220,981)	507,544
– Bridges	39,833	(7,413)	32,420	–	–	–	(405)	–	3,461	44,126	(8,650)	35,476
– Footpaths	44,579	(13,144)	31,435	511	530	(65)	(934)	–	4,522	51,439	(15,440)	35,999
– Bulk earthworks	244,217	–	244,217	1,188	512	–	–	–	26,424	272,341	–	272,341
– Stormwater drainage	151,862	(38,450)	113,412	1,685	1,859	(88)	(1,350)	–	50,893	202,428	(36,017)	166,411
– Water supply network	384,760	(173,764)	210,996	2,909	4,745	(569)	(5,329)	2,134	18,307	435,200	(202,007)	233,193
– Sewerage network	382,416	(124,615)	257,801	1,695	1,595	(710)	(5,673)	2,182	84,882	508,429	(166,657)	341,772
– Open space/recreational assets	38,614	(16,001)	22,613	407	319	(59)	(1,671)	–	2,535	43,327	(19,183)	24,144
– Artworks and monuments	2,449	(463)	1,986	–	–	–	(10)	–	–	2,449	(473)	1,976
<b>Other assets:</b>												
– Library books	5,575	(5,108)	467	–	115	–	(155)	–	–	5,690	(5,263)	427
– Other	10	(9)	1	–	–	–	(1)	1	–	12	(11)	1
<b>Total infrastructure, property, plant and equipment</b>	<b>2,376,918</b>	<b>(638,527)</b>	<b>1,738,391</b>	<b>42,133</b>	<b>20,692</b>	<b>(4,217)</b>	<b>(32,726)</b>	<b>–</b>	<b>304,662</b>	<b>2,826,465</b>	<b>(757,530)</b>	<b>2,068,935</b>

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

(2) Details of prior period error for land under roads can be found in Note G4-1

## C1-8 Infrastructure, property, plant and equipment (continued)

### Accounting policy

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

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

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

#### Useful lives of IPPE

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

<b>Plant, equipment, furniture and fittings</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	20
Office furniture	10	Outdoor furniture	20 to 25
Computer equipment	5	Sports surfaces	10 to 80
Vehicles	10	Fences/gates	25 to 60
Heavy plant/road making equipment	10 to 15		
Other plant and equipment	5 to 15	<b>Buildings</b>	
		Structure	40 to 150
		Roof	40 to 80
		Internal finishes	10 to 40
		Building services	25 to 50
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	100	Drains (lined)	100
Reservoir roof and structure	40 to 100	Pipes	80 to 100
Reticulation pipes	30 to 100	Flood control structure	80 to 120
Reticulation valves and hydrants	40 to 60		
Pumps	20		
Water meters	25		
Sewer manholes	70		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	15 to 25	Bulk earthworks	infinite
Sealed roads: structure	60 to 100	Swimming pools	80
Unsealed roads	14	Other open space/recreational assets	10 to 150
Bridge: concrete	100	Other infrastructure	20 to 50
Bridge: timber	50		
Road pavements (concrete)	50	<b>Other assets</b>	
Culverts	100	Library books	5

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

#### Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

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

## C1-8 Infrastructure, property, plant and equipment (continued)

### Land under roads

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

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

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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". The NSW Government has confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State.

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

## C1-9 Intangible assets

\$ '000	Notes	Non-current 2023	Non-current 2022
<b>Software</b>			
<b>Opening values at 1 July</b>			
Gross book value		510	422
Accumulated amortisation		(69)	—
<b>Net book value – opening balance</b>		<b>441</b>	<b>422</b>
<b>Movements for the year</b>			
Development costs		45	88
Amortisation charges	B3-4	(91)	(69)
<b>Closing values at 30 June</b>			
Gross book value		556	510
Accumulated amortisation		(161)	(69)
<b>Total intangible assets – net book value</b>		<b>395</b>	<b>441</b>

### Accounting policy

#### IT development and software

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

## C1-10 Other Assets

\$ '000	Notes	2023 Current	2022 Current
Prepayments		968	913
<b>Total other assets</b>		<b>968</b>	<b>913</b>

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Terms and conditions of leases

##### Land and Buildings

Council leases land and buildings for use for various operational purposes such as providing parks and open spaces and as a community hall. The lease agreements are generally between 20 and 100 years. All of the agreements have significantly below-market terms and conditions principally to enable Council to further its objectives.

##### Office and IT equipment

Leases for office and IT equipment are generally for computer equipment and photocopiers. The leases are for between three and five years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage. Council also leases some office and IT equipment for short term or low value assets.

##### Extension options

At commencement date and each subsequent reporting date, Council assesses whether it is reasonably certain that extension options under any of its leases will be exercised.

#### (a) Right of use assets

\$ '000	Notes	Office and IT equipment	Non-current Total
<b>2023</b>			
Opening balance at 1 July		604	604
Additions to right-of-use assets		278	278
Depreciation charge	B3-4	(308)	(308)
<b>Balance at 30 June</b>		<b>574</b>	<b>574</b>
<b>2022</b>			
Opening balance at 1 July		723	723
Additions to right-of-use assets		185	185
Depreciation charge	B3-4	(304)	(304)
<b>Balance at 30 June</b>		<b>604</b>	<b>604</b>

#### (b) Lease liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities		268	312	281	336
<b>Total lease liabilities</b>	C3-3a	<b>268</b>	<b>312</b>	<b>281</b>	<b>336</b>

## C2-1 Council as a lessee (continued)

### (c) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2023</b>					
Cash flows	288	340	–	628	580
<b>2022</b>					
Cash flows	296	345	–	641	617

### (d) Income Statement

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

\$ '000	Notes	2023	2022
Interest expense on lease liabilities	B3-3	21	23
Depreciation of right of use assets	B3-4	308	304
Expenses relating to short-term leases		98	104
Expenses relating to low-value leases		14	15
Expenses relating to Peppercorn leases		1	1
		<b>442</b>	<b>447</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	445	445
	<b>445</b>	<b>445</b>

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

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

- community land
- community halls
- land on which Council has sited buildings

The leases are generally between 2 and 99 years and require payments of a maximum amount of \$1,000 per year.

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



## C2-1 Council as a lessee (continued)

### Accounting policy

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

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

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

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

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

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

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

### Exceptions to lease accounting

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

### Leases at significantly below market value / Concessionary leases

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

## C2-2 Council as a lessor

### Operating leases

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

(i) infrastructure, property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer Note C1-8).

\$ '000	Notes	2023	2022
<b>(i) Assets held as infrastructure, property, plant and equipment (IPPE)</b>			
Council provides operating leases on Council buildings for the purpose of supporting community, business and economic activities. The table below relates to operating leases on assets disclosed in C1-8.			
Lease income (excluding variable lease payments not dependent on an index or rate)		764	783
Lease income relating to variable lease payments not dependent on an index or a rate		29	51
<b>Total income relating to operating leases for Council assets</b>	B2-6	<b>793</b>	<b>834</b>

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

\$ '000	2023	2022
<b>(ii) Maturity analysis of contractual lease income</b>		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for all operating leases:		
< 1 year	745	611
1–2 years	710	601
2–3 years	692	513
3–4 years	517	434
4–5 years	466	386
> 5 years	4,321	3,660
<b>Total undiscounted lease payments to be received</b>	<b>7,451</b>	<b>6,205</b>

### Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	Notes	2023 Current	2022 Current
Goods and services		9,988	9,555
Accrued expenses:			
– Salaries and wages		895	137
– Borrowings		96	122
Government departments and agencies		68	70
Prepaid rates		1,466	1,324
Security bonds, deposits and retentions	C1-3b	4,492	2,819
Other		38	29
<b>Total payables</b>	E1-1c	<b>17,043</b>	<b>14,056</b>

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

\$ '000	Notes	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.			
- Security bonds, deposits and retentions		3,543	2,255
- Other liabilities	C1-3b	44	43
<b>Total payables</b>		<b>3,587</b>	<b>2,298</b>

#### 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 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

\$ '000	Notes	2023 Current	2022 Current
<b>Grants and contributions received in advance:</b>			
Unexpended capital grants (to construct Council controlled assets)	(i)	14,054	8,103
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	11	98
<b>Total grants received in advance</b>	C1-3	<b>14,065</b>	<b>8,201</b>
<b>User charges and fees received in advance:</b>			
Statutory and regulatory	(iii)	1,224	1,236
Prepaid lease	(iv)	331	292
Other		42	—
<b>Total user charges and fees received in advance</b>		<b>1,597</b>	<b>1,528</b>
<b>Total contract liabilities</b>		<b>15,662</b>	<b>9,729</b>

### Notes

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

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

(iii) Statutory and regulatory fees are recognised as a contract liability on receipt and recognised as revenue when Council's performance obligation is satisfied.

(iv) Council invoices lessees for the current lease term in full. Payment of the invoice is recorded as a contract liability on receipt and recognised as revenue over the lease term.

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

\$ '000	Notes	2023	2022
<b>Grants and contributions received in advance:</b>			
Capital grants (to construct Council controlled assets)	B2-4c	5,419	1,581
Operating grants (received prior to performance obligation being satisfied)	B2-4c	87	17
<b>User charges and fees received in advance:</b>			
Statutory and regulatory		959	743
Other income (prepaid lease)		292	296
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>		<b>6,757</b>	<b>2,637</b>

### 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

\$ '000	Notes	2023	2023	2022	2022
		Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>		2,733	12,044	2,969	17,448
<b>Total borrowings</b>	E1-1c	<b>2,733</b>	<b>12,044</b>	<b>2,969</b>	<b>17,448</b>

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

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

\$ '000	2022		Non-cash movements			2023
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	20,417	(5,640)	–	–	–	14,777
Lease liability (Note C2-1b)	617	(315)	–	–	278	580
<b>Total liabilities from financing activities</b>	<b>21,034</b>	<b>(5,955)</b>	<b>–</b>	<b>–</b>	<b>278</b>	<b>15,357</b>

\$ '000	2021		Non-cash movements			2022
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	23,686	(3,269)	–	–	–	20,417
Lease liability (Note C2-1b)	733	(301)	–	–	185	617
<b>Total liabilities from financing activities</b>	<b>24,419</b>	<b>(3,570)</b>	<b>–</b>	<b>–</b>	<b>185</b>	<b>21,034</b>

### (b) Financing arrangements

\$ '000	2023	2022
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	600	300
Credit cards/purchase cards	250	250
<b>Total financing arrangements</b>	<b>850</b>	<b>550</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	38	37
<b>Total drawn financing arrangements</b>	<b>38</b>	<b>37</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	600	300
– Credit cards/purchase cards	212	213
<b>Total undrawn financing arrangements</b>	<b>812</b>	<b>513</b>

#### Breaches and defaults

#### Additional financing arrangements information

#### Breaches and defaults

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

### C3-3 Borrowings (continued)

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**Security over loans**

Loans secured over future cash flows. Lease liabilities are secured by the underlying leased assets.

**Bank overdrafts**

The bank overdraft of Council is secured over future cashflows.

(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

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	3,249	–	3,147	–
Long service leave	4,144	481	4,000	492
Other (RDO and TIL)	582	–	484	–
Employee Leave Entitlements on-costs	233	10	196	9
<b>Total employee benefit provisions</b>	<b>8,208</b>	<b>491</b>	<b>7,827</b>	<b>501</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,925	4,695
	<b>4,925</b>	<b>4,695</b>

### Accounting policy

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

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

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

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

## C3-5 Other Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
<b>Asset remediation/restoration:</b>				
Landfill remediation/restoration	1,371	17,554	–	17,313
<b>Sub-total – asset remediation/restoration</b>	<b>1,371</b>	<b>17,554</b>	<b>–</b>	<b>17,313</b>
<b>Total other provisions</b>	<b>1,371</b>	<b>17,554</b>	<b>–</b>	<b>17,313</b>

## Description of and movements in provisions

\$ '000	Landfill remediation	Total
<b>2023</b>		
At beginning of year	17,313	17,313
Additional provisions <sup>B3-5</sup>	1,612	1,612
Total other provisions at end of year	18,925	18,925
<b>2022</b>		
At beginning of year	3,588	3,588
Additional provisions <sup>B3-5</sup>	13,725	13,725
Total other provisions at end of year	17,313	17,313

## Nature and purpose of provisions

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the former landfill site 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 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 – landfill

Subsequent to commissioning a report to provide detailed estimates of the costs of remediation of the former landfill site at Welby, Council recognised a provision for landfill remediation/restoration (future works) during the year ended 30 June 2019. The estimates have been reviewed and updated as at 30 June 2023.

A pre-feasibility/conceptual cost estimate was determined, in support of the closure of the former landfill site at Welby. The cost estimate accounts for preliminaries, planning and preparation, owner's costs (including engineering design and project management), contractor direct construction costs, project contingency, and three years post-construction monitoring. In total the cost including growth has been estimated at \$18.9M (2022: \$17.3M).

## 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



## C3-5 Other Provisions (continued)

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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

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#### **Revaluation surplus**

The revaluation surplus is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>Income from continuing operations</b>			
Rates and annual charges	66,329	4,175	19,530
User charges and fees	12,684	9,253	1,647
Interest and investment income	2,529	2,046	2,026
Other revenues	1,471	1,057	826
Grants and contributions provided for operating purposes	26,644	—	—
Grants and contributions provided for capital purposes	29,284	1,646	1,875
Net gains from disposal of assets	—	—	—
Other income	591	208	—
<b>Total income from continuing operations</b>	<b>139,532</b>	<b>18,385</b>	<b>25,904</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	34,737	3,390	3,781
Materials and services	57,472	6,981	7,356
Borrowing costs	451	—	160
Depreciation, amortisation and impairment of non-financial assets	24,076	6,328	7,646
Other expenses	5,026	37	17
Net losses from the disposal of assets	5,736	8,109	1,695
<b>Total expenses from continuing operations</b>	<b>127,498</b>	<b>24,845</b>	<b>20,655</b>
<b>Operating result from continuing operations</b>	<b>12,034</b>	<b>(6,460)</b>	<b>5,249</b>
<b>Net operating result attributable to each council fund</b>	<b>12,034</b>	<b>(6,460)</b>	<b>5,249</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(17,250)</b>	<b>(8,106)</b>	<b>3,374</b>

## D1-2 Statement of Financial Position by fund

\$ '000	Notes	General 2023	Water 2023	Sewer 2023
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-3a	4,395	4,729	4,736
Investments	C1-3a	58,837	56,780	56,883
Receivables		17,948	3,813	6,322
Inventories		770	553	76
Contract assets and contract cost assets		17,244	—	—
Other		968	—	—
<b>Total current assets</b>		<b>100,162</b>	<b>65,875</b>	<b>68,017</b>
<b>Non-current assets</b>				
Investments	C1-3a	—	6,500	6,500
Receivables		526	—	—
Infrastructure, property, plant and equipment		1,588,458	265,247	396,976
Intangible assets		395	—	—
Right of use assets		574	—	—
<b>Total non-current assets</b>		<b>1,589,953</b>	<b>271,747</b>	<b>403,476</b>
<b>Total assets</b>		<b>1,690,115</b>	<b>337,622</b>	<b>471,493</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables		15,257	854	932
Contract liabilities		10,364	169	5,129
Lease liabilities		268	—	—
Borrowings		1,524	—	1,209
Employee benefit provision		6,632	619	957
Provisions		1,371	—	—
<b>Total current liabilities</b>		<b>35,416</b>	<b>1,642</b>	<b>8,227</b>
<b>Non-current liabilities</b>				
Lease liabilities		312	—	—
Borrowings		10,827	—	1,217
Employee benefit provision		396	54	41
Provisions		17,554	—	—
<b>Total non-current liabilities</b>		<b>29,089</b>	<b>54</b>	<b>1,258</b>
<b>Total liabilities</b>		<b>64,505</b>	<b>1,696</b>	<b>9,485</b>
<b>Net assets</b>		<b>1,625,610</b>	<b>335,926</b>	<b>462,008</b>
<b>EQUITY</b>				
Accumulated surplus		536,236	98,610	193,968
Revaluation surplus		1,089,374	237,316	268,040
<b>Total equity</b>		<b>1,625,610</b>	<b>335,926</b>	<b>462,008</b>

## D2 Interests in other entities

### Subsidiaries, joint arrangements and associates not recognised

Council has an interest in the Canberra Region Joint Organisation, along with other member Councils, which is not considered material. The activities of this organisation are not controlled by any one Council.

The Canberra Region Joint Organisation provides a forum for Councils, State agencies and other stakeholders to work together at a regional level to identify shared priorities.

## 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 whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio. Council has an investment policy which complies with the Section 625 of the LG Act and the Ministerial Investment Order. The policy is regularly reviewed by 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 Council.

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

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

\$ '000	Notes	2023	2022
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	C1-2	<b>1,855</b>	1,925
Impact of a 10% movement in price of investments			
– Equity / Income Statement	C1-2	<b>18,550</b>	19,250

#### (b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

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

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

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

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

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

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

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Notes	Not yet due	overdue rates and annual charges < 5 years	≥ 5 years	Total
<b>2023</b>					
Gross carrying amount	C1-4	–	3,391	273	3,664
<b>2022</b>					
Gross carrying amount	C1-4	–	4,194	224	4,418

#### 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 (ECL), which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

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

\$ '000	Notes	Not yet due	Overdue debts				Total
			0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>							
Gross carrying amount	C1-4,C1-6	37,633	854	62	168	3,518	42,235
Expected loss rate (%)		0.00%	0.12%	0.04%	0.19%	1.46%	0.12%
ECL provision	C1-4	–	1	–	–	51	52
<b>2022</b>							
Gross carrying amount	C1-4,C1-6	24,490	1,166	828	41	2,118	28,643
Expected loss rate (%)		0.01%	2.06%	0.06%	0.58%	3.48%	0.35%
ECL provision	C1-4	2	24	–	–	74	100

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

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Notes	Weighted average interest rate	Subject to no maturity	payable in:				
				≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2023</b>								
Payables	C3-1	0.00%	4,536	11,044	–	–	15,580	17,043
Borrowings	C3-3	3.40%	–	6,231	7,710	10,035	23,976	14,777
<b>Total financial liabilities</b>			<b>4,536</b>	<b>17,275</b>	<b>7,710</b>	<b>10,035</b>	<b>39,556</b>	<b>31,820</b>
<b>2022</b>								
Payables	C3-1	0.00%	2,862	9,876	–	–	12,738	14,056
Borrowings	C3-3	3.48%	–	3,572	8,880	11,797	24,249	20,417
<b>Total financial liabilities</b>			<b>2,862</b>	<b>13,448</b>	<b>8,880</b>	<b>11,797</b>	<b>36,987</b>	<b>34,473</b>

## E2-1 Fair value measurement

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

- Financial assets, measured at FVTPL, at FVOCI, or at amortised cost (Note C1-2), and
- Infrastructure, property, plant and equipment (Note C1-8).

During the reporting period, Council has also measured the following assets on a non-recurring basis, to ensure the carrying amount of the assets at fair value:

- Non-current assets classified as ‘held for sale’.

### Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

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

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

**Level 3:** Unobservable inputs for the asset or liability

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

		Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
					Restated		Restated
\$ '000	Notes						
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments							
At amortised cost		185,500	192,500	–	–	185,500	192,500
<b>Total financial assets</b>	C1-2	<b>185,500</b>	<b>192,500</b>	<b>–</b>	<b>–</b>	<b>185,500</b>	<b>192,500</b>
<b>Infrastructure, property, plant and equipment</b>							
WIP		–	–	36,106	39,862	36,106	39,862
Plant & Equipment		–	–	15,303	15,436	15,303	15,436
Office Equipment		–	–	446	538	446	538
Furniture & Fittings		–	–	578	331	578	331
Operational Land		–	–	204,892	166,365	204,892	166,365
Community Land		–	–	71,712	77,086	71,712	77,086
Crown Land		–	–	21,103	23,532	21,103	23,532
Land Under Road (post 2008) <sup>1</sup>		–	–	1,217	803	1,217	803
Buildings		–	–	141,888	118,730	141,888	118,730
Other Structures		–	–	8,258	6,968	8,258	6,968
Roads		–	–	548,949	507,544	548,949	507,544
Bridges		–	–	38,681	35,476	38,681	35,476
Footpaths		–	–	39,552	35,999	39,552	35,999
Bulk Earthworks		–	–	292,553	272,341	292,553	272,341
Stormwater Drainage		–	–	190,359	166,411	190,359	166,411
Water Supply Network		–	–	243,185	233,193	243,185	233,193
Sewerage Network		–	–	370,013	341,772	370,013	341,772
Open Space/Recreational Assets		–	–	23,496	24,144	23,496	24,144
Artworks and monuments		–	–	1,966	1,976	1,966	1,976
Library Books and Other		–	–	424	428	424	428
<b>Total infrastructure, property, plant and equipment</b>	C1-8	<b>–</b>	<b>–</b>	<b>2,250,681</b>	<b>2,068,935</b>	<b>2,250,681</b>	<b>2,068,935</b>

(1) Details on prior period error for land under roads can be found in Note G4-1

## E2-1 Fair value measurement (continued)

### Valuation techniques

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

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

#### Financial assets

Council obtains its fair values for fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI) from an independent valuation.

Council has not invested in FVTPL and FVOCI assets for the year ended 30 June 2023.

Council obtains its fair values for held to maturity investments measured at amortised cost from audit confirmations provided by Approved Deposit Taking Institutions (ADIs).

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

#### Property, Plant and Equipment, Furniture and Fittings

Council's Plant & Equipment, Furniture & Fittings incorporates:

- Major plant Truck, tractors, street sweepers
- Fleet vehicles Cars, vans, utes etc.
- Minor plant Chainsaws, brush cutters, mowers, concrete mixers
- Furniture & fittings Desks, chairs, display systems
- Office equipment Computers, monitors, PABX, projectors etc.

Plant equipment, office equipment and furniture & fittings are valued at cost but are disclosed at fair value in the notes. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items as shown above.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Residual value
- Gross replacement cost

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

#### Operational Land

Council's "Operational" land by definition has no special restriction other than those that may apply to any piece of land.

Council obtains its fair values for operational land from an external valuer using Level 3 inputs.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer.

The unobservable Level 3 inputs used include:

- Rate per square metre
- Description of land

The 'Market Approach' is used to value Operational Land. There has been no change to the valuation process during the reporting period.

#### Community and Crown Land

Council's "Community" land (including land owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under Section 7.11 of the Environment Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and;
- Must have a plan of management for it



## E2-1 Fair value measurement (continued)

In relation to community land the Office of Local Government has reviewed its position on the use of the NSW Valuer General's valuations of community land and in association with the Local Government Accounting Advisory Group; the Office has determined that community land may be valued as follows:

- The NSW Valuer General's valuations may be used under the revaluation model to represent fair value for the revaluation of community land under Clause 31 of AASB 116

Council fair values community land using unobservable Level 3 inputs based on inputs on either the UCV (Unimproved Capital Value) provided by the NSW Valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the NSW Valuer General did not provide a UCV.

The 'Market Approach' is used to value community land. There has been no change to the valuation process during the reporting period.

### Land under roads

Land under roads consists of land under roadways and road reserves as per AASB 1051. Council has not elected to recognise as an asset land under roads acquired before 1 July 2008.

Land under roads acquired since 1 July 2008 has been recognised in accordance with AASB 116 Property, Plant and Equipment. Where Council has acquired land under roads it is recognised at cost where the cost represents fair value. Where the land under roads is dedicated or acquired at nominal value the land is recognised at its fair value.

Land under roads has been valued using the englobo method, which is a discounted method.

### Property – Buildings (Specialised & Non-Specialised)

Council buildings comprise:

- Libraries
- Public amenities
- Sporting club houses
- Kiosks and amenities
- Depot buildings and workshops
- Community centres
- Rural Fire Service buildings

Council fair values buildings using level 3 inputs. Valuations are generally carried out by an external valuer using the cost approach. This approach estimates the replacement cost for each building by componentising the building (for complex structures) into significant parts with different useful life and taking in to account a range of factors. Some of the inputs used in the valuation of these assets require significant professional judgement and are unobservable. As such these assets are classified as having being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset

The 'Cost Approach' is used to value specialised buildings. There has been no change to the valuation process during the reporting period.

### Other Structures

Council's other structures incorporates the following classes of assets:

- Significant single assets such as playgrounds, floodlighting systems, irrigation systems, tennis courts, tennis shelters, artificial turf playing surfaces etc. and;
- Aggregated lower value assets such as recreational/park infrastructures (picnic tables, seats, bollards, fences, BBQs etc.)

Council carries fair value of other structures assets (non-componentised) using Level 3 inputs. Such valuations are undertaken by Council staff or by an external valuer depending on the structure.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Residual value
- Asset condition
- Useful life

The 'Cost Approach' is used to value other structures. There has been no change to the valuation process during the reporting period.

## E2-1 Fair value measurement (continued)

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### Roads, Bridges, Bulk Earthworks & Footpaths

This asset class comprises:

- Road carriageways
- Bus shelters
- Car parks
- Guardrails
- Kerb and guttering
- Bulk earthworks
- Bridges
- Footpaths
- Traffic facilities
- Road drainage

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter, and would include any paved markers parking places along roadside.

Council's Asset Management System (Conquest) contains detailed dimensions and specifications for all Council road assets.

Council applies fair values to road infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life of carriageway
- Gross replacement cost

The 'Cost Approach' is used to value road assets. There were no changes in valuation technique from prior year.

### Stormwater Drainage

Council's drainage assets comprise:

- Pits
- Pipes
- Culverts
- Open channels
- Headwalls
- Various types of water quality device used to collect, store and remove stormwater

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council drainage assets. Council applies fair values to drainage infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value drainage by componentising the assets into significant parts and then rolling up these component values to provide an overall drainage valuation within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life
- Gross replacement cost

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

### Water Supply Network

Council's water supply network comprises:

- Treatment Works
- Dams
- Reservoirs
- Pumping stations
- Water reticulation (pipes, valves, hydrants, meters, service lines)

## E2-1 Fair value measurement (continued)

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council water assets. Council applies fair values to water infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value water assets by componentising the assets into significant parts and then rolling up these component values to provide an overall water valuation within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life
- Gross replacement cost

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

### **Sewerage Supply Network**

Assets within this class comprise:

- Treatment works
- Pumping stations
- Sewerage reticulation (pipes, manholes, valves, vents)

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council sewerage assets. Council applies fair values to sewerage infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value sewer assets by componentising the assets into significant parts and then rolling up these component values to provide an overall sewerage valuation within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life
- Gross replacement cost

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

### **Other Assets**

Council's other assets comprise:

- Library books
- Reference materials
- CD's & DVD's
- Art collections

Council fair values other assets using Level 3 inputs.

Council library books are disclosed at fair value in the notes. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Residual value
- Gross replacement cost

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

## 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.

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Plant & Equipment	Cost approach	Gross Replacement Cost Remaining useful life of asset Residual Value
Office Equipment	Cost approach	Gross Replacement Cost Remaining useful life of asset Residual Value
Furniture & Fittings	Cost approach	Gross Replacement Cost Remaining useful life of asset Residual Value
Operational Land	Market approach	Price per square metre
Community and Crown Land	Market approach	Average unit rate based on unimproved capital value per square metre
Land Under Roads	Englobo method. Land values obtained from the NSW Valuer-General	Price per square metre.
Buildings	Market / cost approach	Gross Replacement Cost Remaining useful life of asset Residual Value Asset condition
Other Structures	Cost approach	Gross Replacement Cost Remaining useful life of asset Asset condition
Roads	Cost approach	Gross Replacement Cost Remaining useful life of asset Asset condition
Bridges	Cost approach	Gross Replacement Cost Remaining useful life of asset Asset condition
Footpaths	Cost approach	Gross Replacement Cost Remaining useful life of asset Asset condition
Bulk Earthworks (non-depreciable)	Cost approach	Gross Replacement Cost Remaining useful life of asset Asset condition
Stormwater Drainage	Cost approach	Gross Replacement Cost Remaining useful life of asset Asset condition
Water Supply Network	Cost approach	Gross Replacement Cost Remaining useful life of asset Asset condition
Sewerage Supply Network	Cost approach	Gross Replacement Cost Remaining useful life of asset Asset condition
Other Open Space/Recreational Assets	Cost approach	Gross Replacement Cost Remaining useful life of asset Asset condition
Library Books	Cost approach	Gross Replacement Cost Remaining useful life of asset Residual value Asset condition

## E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Other	Cost approach	Gross Replacement Cost Remaining useful life of asset Residual value Asset condition

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

	Total IPP&E	
\$ '000	2023	2022
<b>Opening balance</b>	<b>2,068,935</b>	1,738,391
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	<b>173,601</b>	304,662
<b>Other movements</b>		
Purchases (GBV)	<b>62,364</b>	62,825
Disposals (WDV)	<b>(16,568)</b>	(4,217)
Depreciation and impairment	<b>(37,651)</b>	(32,726)
<b>Closing balance</b>	<b>2,250,681</b>	2,068,935

### 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.

### CONTINGENT LIABILITIES

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme (Active Super), named The Local Government Superannuation Scheme - Pool B (the Fund) 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, including the method used to determine Council's rate of contributions and any minimum funding requirements**

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

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

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

\* For 180 Point Members, Employers are required to contribute 8.0% (2022: 7.0%) of salaries for the year ended 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum (2022: \$40.0 million per annum for 1 July 2019 to 31 December 2021) 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 Council.

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

## E3-1 Contingencies (continued)

The amount of Council contributions to the defined benefit section of the Fund and recognised as an expense for the year ended 30 June 2023 was \$172,605 (2022: \$341,881). The last valuation of the Fund was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

According to the Fund Trustee, Council has attributed 0.46% (2022: 0.43%) to the \$20.0 million accrued liabilities for the year ended 30 June 2023. The amount of additional contributions included in the total employer contribution advised above is \$92,902 (2022: \$86,183).

Council's expected contributions to the Fund for the next annual reporting period are \$171,812 (2022: \$264,644).

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.

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

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% per annum for FY 2022/23, 2.5% pa 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.

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

### (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 the year ended 30 June 2023 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 the 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.

## E3-1 Contingencies (continued)

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### 2. Other liabilities

#### (i) Third party claims

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.

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

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

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

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

#### (iii) Salary system review

Council is conducting a review of its salary system. The review is required to drive greater consistency, fairness and clarity in processes when it comes to grading and salary outcomes in addition to having a salary system that is comparable to neighbouring councils and the broader Local Government market.

At reporting date, reliable estimates as to the value of any potential liability from the review has not been determined.

### CONTINGENT ASSETS

#### (i) Infringement notices/fines

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

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

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income as at 30 June 2023.



## 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. KMP personnel of Council include Administrator, General Manager, Directors, Executive Managers and Chief Financial Officer.

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	1,623	1,586
Post-employment benefits	157	153
Termination benefits	66	525
<b>Total</b>	<b>1,846</b>	<b>2,264</b>

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

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
<b>2023</b>						
<b>Payment of rates and water charges to Council</b>	1	–	–		–	–
<b>2022</b>						
Payment of rates and water charges to Council	1	18	–		–	–

1 According to Council's Related Party Disclosures Policy the ordinary citizen transactions such as the payment of rates are not required to be disclosed, unless their aggregate amount exceeds \$10,000. As at the reporting date, no amount relates to rates and water account payments (one in 2022) of Council's key management personnel (including their related parties). Outstanding balances are secured against property.

## F1-2 Interim Administrator / Administrator fees and associated expenses

\$ '000	Notes	2023	2022
The aggregate amount of Interim Administrator / Administrator fees and associated expenses included in materials and services expenses in the Income Statement are as below. An Administrator was appointed to Council on 14 July 2022.			
Interim Administrator / Administrator fees		278	278
Interim Administrator / Administrator expenses		62	54
<b>Total</b>	B3-2	<b>340</b>	<b>332</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	Notes	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms			
<b>Auditors of the Council - NSW Auditor-General:</b>			
<b>(i) Audit and other assurance services</b>			
Audit and review of financial statements		125	109
<b>Total Auditor-General remuneration</b>		<b>125</b>	<b>109</b>
<b>Non NSW Auditor-General audit firms</b>			
<b>(i) Audit and other assurance services</b>			
Due diligence services		15	6
<b>Total remuneration of non NSW Auditor-General audit firms</b>		<b>15</b>	<b>6</b>
<b>Total audit fees</b>	B3-2	<b>140</b>	<b>115</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	Notes	2023	2022
<b>Net operating result from Income Statement</b>		<b>10,823</b>	29,383
<b>Add / (less) non-cash items:</b>			
Depreciation and amortisation	B3-4	<b>38,050</b>	33,099
Landfill remediation and restoration	B3-5	–	13,725
(Gain) / loss on disposal of assets	B4-1	<b>15,540</b>	3,507
Non-cash capital grants and contributions	B2-4	<b>(2,365)</b>	(8,372)
Losses/(gains) recognised on fair value re-measurements through P&L:			
– Interest-free advances made by Council (deferred debtors)	B3-3	–	8
Amortisation of premiums, discounts and prior period fair valuations			
– Interest on all fair value adjusted interest free advances made by Council	B2-5	<b>(19)</b>	(20)
<b>Movements in operating assets and liabilities and other cash items:</b>			
(Increase) / decrease of receivables		<b>(2,445)</b>	(5,649)
Increase / (decrease) in provision for impairment of receivables	C1-4b	<b>(52)</b>	(12)
(Increase) / decrease of inventories		<b>(218)</b>	(15)
(Increase) / decrease of other current assets		<b>(55)</b>	(351)
(Increase) / decrease of contract asset		<b>(10,407)</b>	(2,290)
Increase / (decrease) in payables		<b>433</b>	3,143
Increase / (decrease) in accrued interest payable		<b>(26)</b>	(14)
Increase / (decrease) in other accrued expenses payable		<b>758</b>	(1,293)
Increase / (decrease) in other liabilities		<b>1,822</b>	(334)
Increase / (decrease) in contract liabilities		<b>5,933</b>	5,281
Increase / (decrease) in employee benefit provision		<b>371</b>	(764)
Increase / (decrease) in other provisions	C3-5	<b>1,612</b>	–
<b>Net cash flows from operating activities of Statement of Cash Flows</b>		<b>59,755</b>	69,032

#### (b) Non-cash investing and financing activities

Bushfire grants		<b>434</b>	486
Other dedications		<b>1,931</b>	7,886
<b>Total non-cash investing and financing activities</b>	B2-4	<b>2,365</b>	8,372

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Infrastructure, property, plant and equipment

Buildings	413	5,507
Plant and equipment	81	1,058
Infrastructure	12,604	6,738
Water system assets	854	2,208
Sewer system assets	49,657	2,680
Open Space	4,441	1,275
<b>Total commitments</b>	<b>68,050</b>	<b>19,466</b>

#### These expenditures are payable as follows:

Within the next year	46,050	19,466
Later than one year and not later than 5 years	22,000	—
<b>Total payable</b>	<b>68,050</b>	<b>19,466</b>

#### Sources for funding of capital commitments:

Unrestricted general funds	2,946	—
Sect 64 and 94 funds/reserves	1,904	1,275
Unexpended grants	15,211	6,738
Externally restricted reserves (water and sewer)	39,411	4,888
Internally restricted reserves	8,578	6,565
<b>Total sources of funding</b>	<b>68,050</b>	<b>19,466</b>

## G3-1 Events occurring after the reporting date

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

## G4 Changes from prior year statements

### G4-1 Correction of errors

Council identified that it had acquired land under roads since 1 July 2008 through dedicated subdivisions and undertook a valuation of these assets for the first time in June 2023. These assets were omitted from Council's asset revaluation cycles in previous years in error.

The total area of land under roads that have been dedicated to Council through development activity since 1 July 2008 was 816,092 sqm at 30 June 2023.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus at that date.

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

## G4-1 Correction of errors (continued)

## Changes to the opening Statement of Financial Position at 1 July 2021

## Statement of Financial Position

\$ '000	Original Balance 1 July 2021	Impact Increase/ (decrease)	Restated Balance 1 July 2021
<b>Total current assets</b>	219,022	–	219,022
Infrastructure, property, plant and equipment	1,737,752	639	1,738,391
<b>Total non-current assets</b>	1,739,515	639	1,740,154
<b>Total assets</b>	1,958,537	639	1,959,176
<b>Total current liabilities</b>	29,086	–	29,086
<b>Total non-current liabilities</b>	25,015	–	25,015
<b>Total liabilities</b>	54,101	–	54,101
<b>Net assets</b>	1,904,436	639	1,905,075
Accumulated Surplus	787,969	639	788,608
Revaluation Surplus	1,116,467	–	1,116,467
<b>Total equity</b>	1,904,436	639	1,905,075

## Adjustments to the comparative figures for the year ended 30 June 2022

## Statement of Financial Position

\$ '000	Original Balance 30 June 2022	Impact Increase/ (decrease)	Restated Balance 30 June 2022
<b>Total current assets</b>	229,010	–	229,010
Infrastructure, property, plant and equipment	2,068,132	803	2,068,935
<b>Total non-current assets</b>	2,079,767	803	2,080,570
<b>Total assets</b>	2,308,777	803	2,309,580
<b>Total current liabilities</b>	34,862	–	34,862
<b>Total non-current liabilities</b>	35,598	–	35,598
<b>Total liabilities</b>	70,460	–	70,460
<b>Net assets</b>	2,238,317	803	2,239,120
Accumulated surplus	817,352	639	817,991
Revaluation surplus	1,420,965	164	1,421,129
<b>Total equity</b>	2,238,317	803	2,239,120
<b>Total income from continuing operations</b>	170,224	–	170,224
<b>Total expenses from continuing operations</b>	140,841	–	140,841
<b>Net operating result for the year</b>	29,383	–	29,383

## G4-1 Correction of errors (continued)

## Statement of Comprehensive Income

\$ '000	Original Balance 30 June 2022	Impact Increase/ (decrease)	Restated Balance 30 June 2022
<b>Net operating result for the year</b>	<b>29,383</b>	<b>–</b>	<b>29,383</b>
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	304,498	164	304,662
<b>Other comprehensive income</b>	<b>304,498</b>	<b>164</b>	<b>304,662</b>
<b>Total comprehensive income for the year</b>	<b>333,881</b>	<b>164</b>	<b>334,045</b>

## G5 Statement of developer contributions

### G5-1 Summary of developer contributions

\$ '000	Notes	Opening balance at 1 July 2022	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2023
Roads	G5-2	7,003	551	246	—	7,800
Community facilities	G5-2	530	6	18	—	554
Open Space & Community Facilities	G5-2	7,397	387	254	(33)	8,005
Administration	G5-2	920	85	32	(48)	989
Resource Recovery Centre		—	41	—	(41)	—
Community Facilities Library	G5-2	824	74	29	—	927
Administration (MVEC)		2	—	—	—	2
Future Works (MVEC)	G5-2	212	—	7	—	219
Land Acquisition (MVEC)	G5-2	(1)	—	—	—	(1)
<b>S7.11 contributions – under a plan</b>		<b>16,887</b>	<b>1,144</b>	<b>586</b>	<b>(122)</b>	<b>18,495</b>
<b>S7.12 levies – under a plan</b>	G5-2	<b>732</b>	<b>227</b>	<b>31</b>	<b>—</b>	<b>990</b>
<b>Total S7.11 and S7.12 revenue under plans</b>		<b>17,619</b>	<b>1,371</b>	<b>617</b>	<b>(122)</b>	<b>19,485</b>
S7.11 not under plans (VPA)	G5-3	3,592	—	120	—	3,712
S7.11 not under plans Parking		313	—	10	—	323
S64 Contributions Water		15,794	1,482	541	(676)	17,141
S64 Contributions Sewer		14,455	1,311	437	(2,786)	13,417
S64 Stormwater		1,717	172	27	(1,276)	640
<b>Total contributions</b>	C1-3a	<b>53,490</b>	<b>4,336</b>	<b>1,752</b>	<b>(4,860)</b>	<b>54,718</b>

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

### G5-2 Developer contributions by plan

\$ '000	Notes	Opening balance at 1 July 2022	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2023
<b>CONTRIBUTION PLAN 1</b>						
Roads		7,003	551	246	—	7,800
Community facilities		530	6	18	—	554
Open Space & Community Facilities		7,397	387	254	(33)	8,005
Administration		920	85	32	(48)	989

## G5-2 Developer contributions by plan (continued)

\$ '000	Notes	Opening balance at 1 July 2022	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2023
Resource Recovery Centre		–	41	–	(41)	–
Community Facilities Library		824	74	29	–	927
<b>Total</b>	G5-1	<b>16,674</b>	<b>1,144</b>	<b>579</b>	<b>(122)</b>	<b>18,275</b>
<b>S94 CONTRIBUTIONS - UNDER A PLAN (MVEC)</b>						
Administration (MVEC)		2	–	–	–	2
Future Works (MVEC)		212	–	7	–	219
Land Acquisition (MVEC)		(1)	–	–	–	(1)
<b>Total</b>	G5-1	<b>213</b>	<b>–</b>	<b>7</b>	<b>–</b>	<b>220</b>

## S7.12 Levies – under a plan

### S94A Plan

S94A		732	227	31	–	990
<b>Total</b>	G5-1	<b>732</b>	<b>227</b>	<b>31</b>	<b>–</b>	<b>990</b>

## G5-3 Contributions not under plans

### S94 not under Plans (VPA)

Drainage		20	–	1	–	21
Roads		508	–	18	–	526
Open space		268	–	9	–	277
Community facilities		52	–	1	–	53
Sewer		1,271	–	43	–	1,314
Water		866	–	29	–	895
RRC		91	–	3	–	94
ASH		11	–	–	–	11
Administration		465	–	15	–	480
Management Contribution		40	–	1	–	41
<b>Total</b>	G5-1	<b>3,592</b>	<b>–</b>	<b>120</b>	<b>–</b>	<b>3,712</b>



## G6 Statement of performance measures

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

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022      2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(4,832)	(3.20)%	8.35%	2.96%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	151,010				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	124,366	67.66%	66.67%	71.00%	> 60.00%
Total continuing operating revenue <sup>1</sup>	183,815				
3. Unrestricted current ratio					
Current assets less all external restrictions	56,341	3.03x	4.09x	5.15x	> 1.50x
Current liabilities less specific purpose liabilities	18,573				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1,2</sup>	33,829	5.15x	10.46x	7.66x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,566				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	5,806	6.07%	5.14%	5.92%	< 10.00%
Rates and annual charges collectable	95,584				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	199,360	17.68 months	23.76 months	22.41 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	11,277				

(1) Excludes reversal of impairment losses on receivables, net gain on sale of assets and includes pensioner rate subsidies

(2) Excludes net loss on disposal of assets and landfill remediation and restoration

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	(8.98)%	6.03%	0.02%	(3.03)%	21.10%	26.77%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	59.92%	61.39%	91.05%	79.72%	92.76%	84.45%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	3.03x	4.09x	37.64x	33.27x	20.09x	17.29x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1, 2</sup>	6.29x	12.30x	∞	∞	3.04x	5.72x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	5.98%	6.81%	11.44%	11.89%	5.13%	7.13%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	7.02 months	11.88 months	72.32 months	85.78 months	51.44 months	61.90 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) Excludes reversal of impairment losses on receivables, net gain on sale of assets and includes pensioner rebates subsidies

(2) Excludes net loss on disposal of assets and landfill remediation and restoration

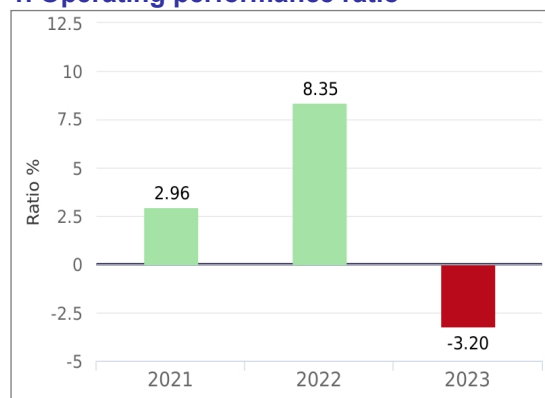
(3) General fund refers to all of Council's activities for its water and sewer activities which are listed separately

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

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

##### Commentary on 2022/23 result

2022/23 ratio (3.20)%

The operating performance ratio is below the benchmark by 3.20%, which is predominately attributable to:

- increased depreciation expense resulting from high asset values
- additional resources to reduce the backlog of development applications

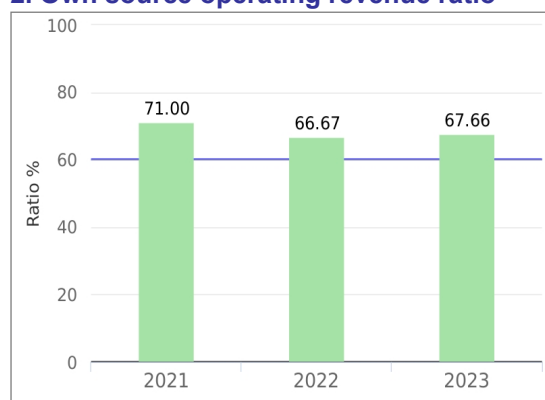
Benchmark: — > 0.00%

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 67.66%

Council continues to exceed this industry benchmark with 67.66% of revenue generated through rates, charges and user fees.

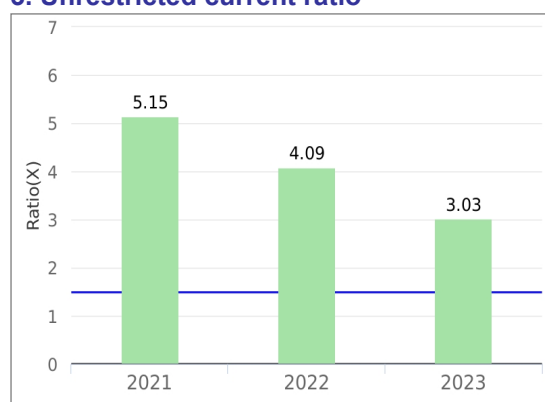
Benchmark: — > 60.00%

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 3.03x

Council continues to maintain a strong liquidity position with a healthy unrestricted current ratio. This means that Council can easily pay its financial obligations as they fall due.

Benchmark: — > 1.50x

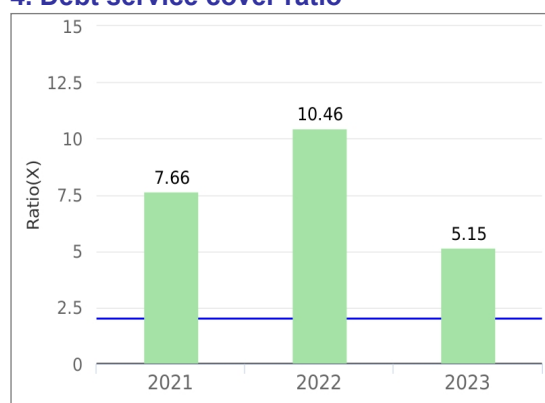
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 5.15x**

Council continues to exceed this benchmark which is a result of adequate operating revenues to cover its loan repayments.

The reason for the lower ratio is because Council repaid the outstanding balance of \$2.7M on the Robertson Sewerage Scheme loan 10 years before loan maturity.

Council did not take out any new borrowings during the year.

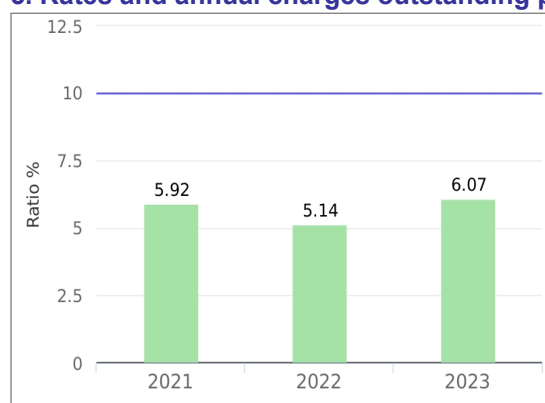
Benchmark: — > 2.00x

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 6.07%**

This ratio has remained relatively high due to Council not actively pursuing debt recovery under its COVID-19 relief package for community and business. Residents and businesses of the Wingecarribee Shire impacted by COVID-19 were able to defer rates payments during the pandemic.

Council has commenced debt recovery procedures and this ratio is expected to reduce in the next reporting period.

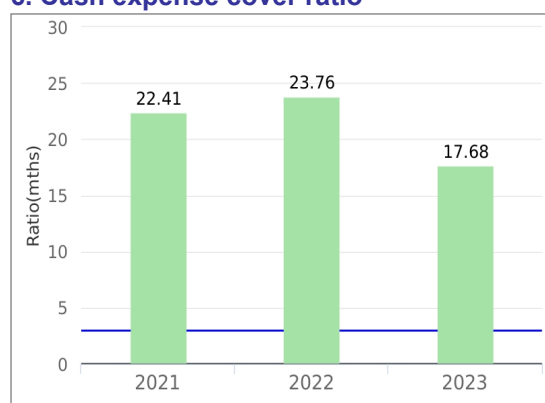
Benchmark: — < 10.00%

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 17.68 months**

This ratio is significantly higher than benchmark which reflects Council's strong liquidity position.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Wingercaribee Shire Council

To the Administrator of Wingercaribee Shire Council,

### Opinion

I have audited the accompanying financial statements of Wingercaribee Shire Council (the Council) which comprise the Statement by the Administrator 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 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 Administrator is 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 Administrators' Responsibilities for the Financial Statements**

The Administrator is 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 Administrator determines 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 Administrator is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023  
SYDNEY





Mr Viv May PSM  
The Administrator  
Wingecarribee Shire Council  
PO Box 141  
MOSS VALE NSW 2577

Contact: Michael Kharzoo  
Phone no: 02 9275 7188  
Our ref: R008-16585809-47082

31 October 2023

Dear Administrator

**Report on the Conduct of the Audit  
for the year ended 30 June 2023  
Wingecarribee Shire Council**

I have audited the general purpose financial statements (GPFS) of the Wingecarribee Shire 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 \$m	2022 \$m	Variance %
Rates and annual charges revenue	90.0	86.5	↑ 4.0
Grants and contributions revenue	59.4	56.7	↑ 4.8
Operating result from continuing operations	10.8	29.4	↓ 63.3

Net operating result  
before capital grants and  
contributions

(22.0)

(6.0)

266.7

The Council's operating result from continuing operations was a surplus of \$10.8 million, which was \$18.6 million lower than the 2021–22 result. This is primarily due to an increase in materials and services expenses of \$23.4 million, as well as an increase in net loss on disposal of assets of \$12.0 million. This was partially offset by a decrease in other expenses of \$11.6 million, which was due to the increase in the provision for the restoration of the Welby site in 2021-22.

The net operating result before capital grants and contributions (deficit of \$22.0 million) was \$16.0 million lower than the 2021–22 result and this is mainly due to factors noted above.

Rates and annual charges revenue (\$90.0 million) increased by \$3.5 million (4.0 per cent) in 2022–23 due to the rate peg increase of 2.0 per cent as well as increases in annual charges resulting from increase in underlying associated costs.

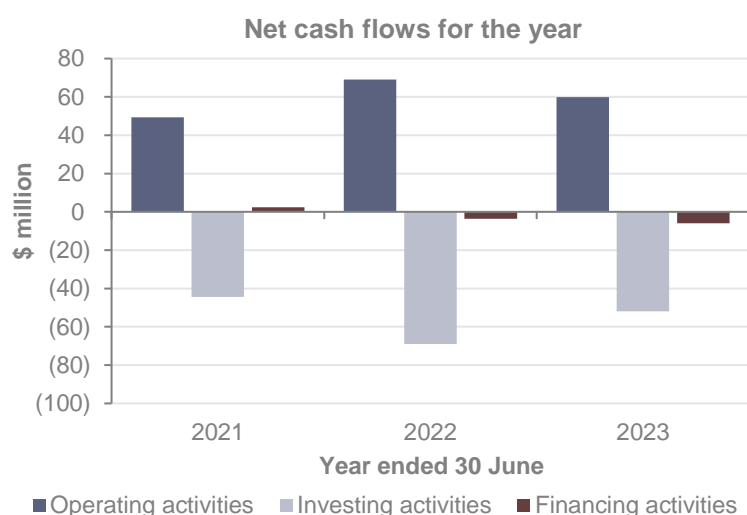
Grants and contributions revenue (\$59.4 million) increased by \$2.7 million (4.8 per cent) in 2022–23 mainly due to increases in operating grants for transport and communication.

## STATEMENT OF CASH FLOWS

Cash from operating activities has decreased by \$9.3 million. This was mainly due to an increase in payments for materials and services, which was partially offset by an increase in grants and contributions received during the year.

Cash use in investing activities decreased by \$16.9 million, which was mainly due to decreased acquisitions of term deposits.

Cash from financing activities decreased by \$2.4 million due to an increase in the repayment of borrowings resulting from increases in interest rates.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>199.4</b>	<b>204.5</b>	Externally restricted cash and investments are restricted in their use by externally imposed requirements. The main reason for the increase is increases in amounts held in the water fund and sewer fund at the end of the year.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	179.3	163.3	Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs or works and any forward plans identified by Council. The main reason for the decrease was that there were no longer balances allocated for capital works, property development, financial assistance grants and the waste facilities general fund at the end of the year.
• Internal allocations	12.9	36.1	
• Unrestricted	7.1	5.1	At 30 June 2023, the Council had \$7.1 million in unrestricted and unallocated cash, cash equivalents and investments. This is an improvement on 2021–22 (\$5.1 million).

### Debt

At 30 June 2023, Council had:

- \$14.8 million in secured loans (\$20.4 million in 2021–22)
- \$0.6 million in an approved overdraft facility with \$Nil drawn down
- \$250,000 in a credit card facility with \$38,000 used.

## PERFORMANCE

### Performance measures

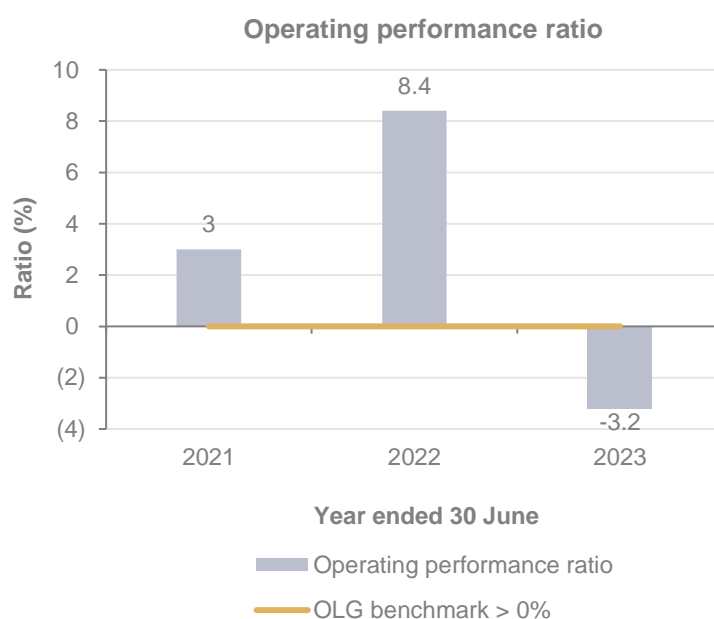
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

## Operating performance ratio

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

Council's operating performance ratio of -3.2 per cent was below the OLG benchmark.

The operating performance ratio has declined mainly due to the increase in material and services.

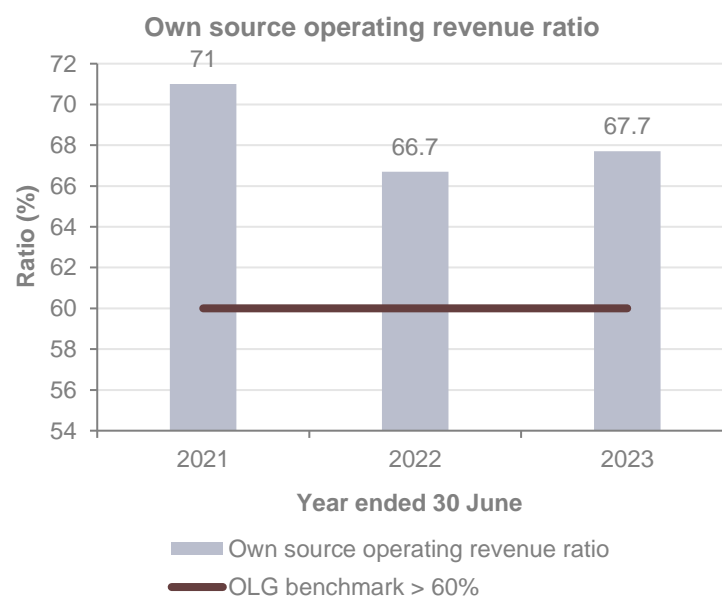


## Own source operating revenue ratio

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

The Council's own source operating revenue ratio of 67.7 per cent exceeded the OLG benchmark.

The own source operating revenue ratio has remained relatively stable from the previous year.

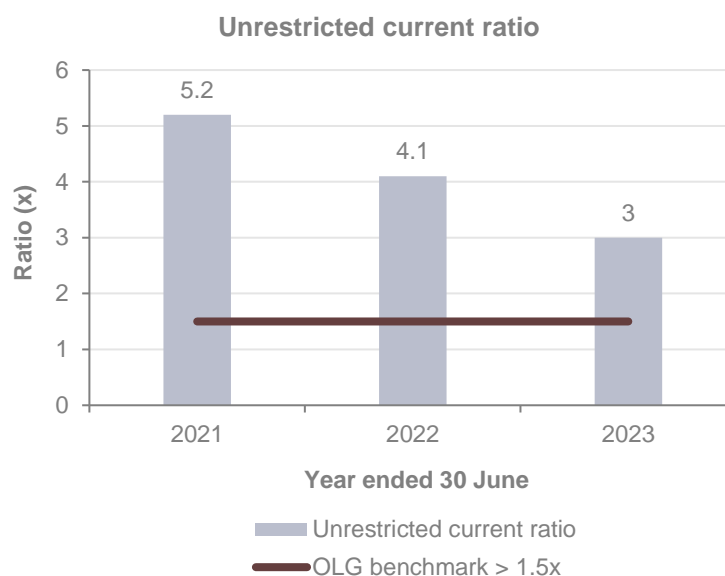


## Unrestricted current ratio

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

The Council's unrestricted current ratio of 3.0 times is greater than the industry benchmark.

The Council's unrestricted current ratio has decreased compared with the prior year due to the increase in external restrictions for current assets and increase in current liabilities.

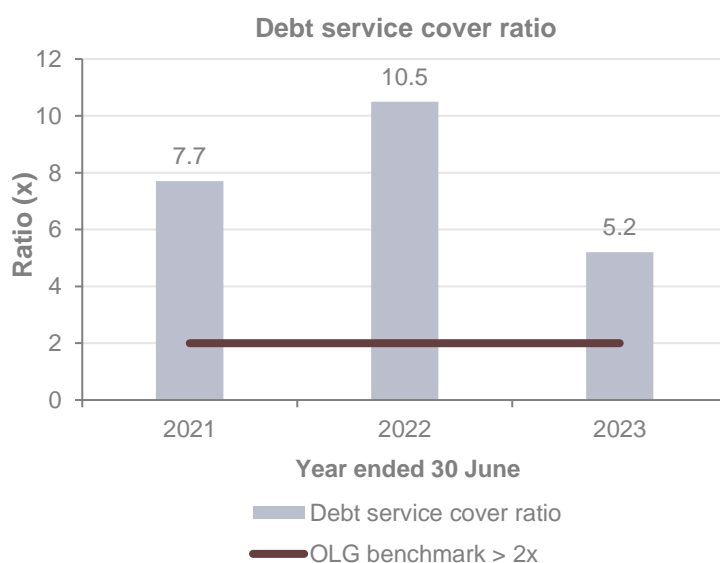


## Debt service cover ratio

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

The debt service cover ratio of 5.2 times exceeded the industry benchmark.

The decrease in the ratio compared with the prior year was mainly due to the decrease in the operating result and increase in the repayment of borrowings.

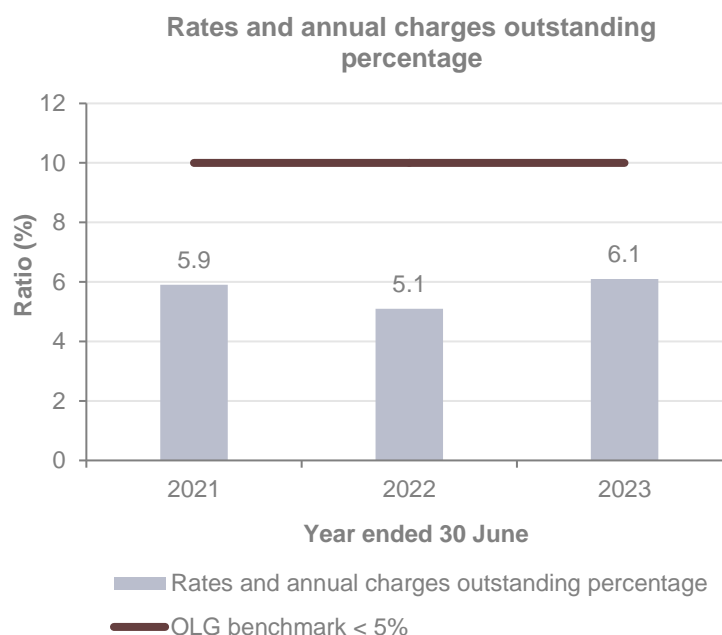


## Rates and annual charges outstanding percentage

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

The Council's rates and annual charges outstanding ratio of 6.1 per cent is within the industry benchmark for the current reporting period.

The ratio has remained relatively stable compared to the prior years.

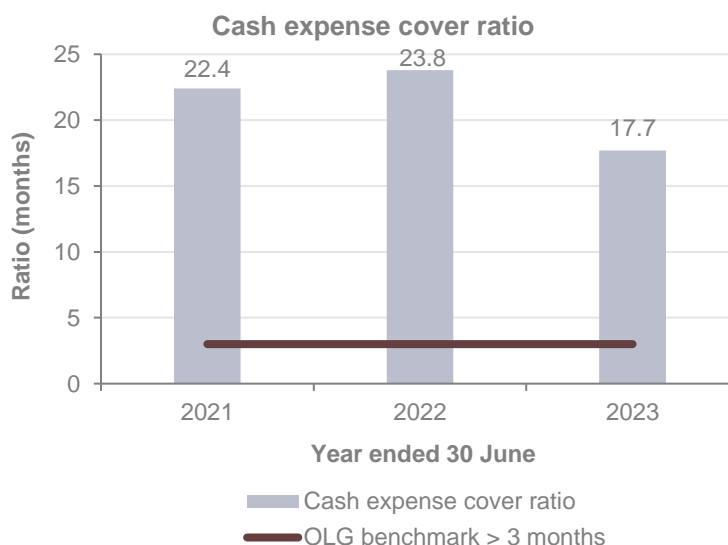


## Cash expense cover ratio

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

The Council's cash expense cover ratio was 17.7 months, which is above the industry benchmark.

The ratio decreased during the year due to a decrease in total cash, cash equivalents and investments held by Council and increase in payments from cashflow of operating activities.



## Infrastructure, property, plant and equipment renewals

The Council has renewed \$45.8 million of infrastructure, property, plant and equipment during the 2022–23 financial year (2021–22: \$42.1 million).

## 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.



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Ms Lisa Miscamble, General Manager  
Mr Stephen Horne, Chair of Audit, Risk and Improvement Committee  
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment



# Special Purpose Financial Statements

For the year ended 30 June 2023



*We're with you*



## Special Purpose Financial Statements

for the year ended 30 June 2023

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Wingecarribee Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

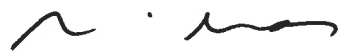
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- sections 3 and 4 of the NSW Department of Planning and Environment, Water's Regulatory and assurance framework for local water utilities.

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

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

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

Signed in accordance with a resolution of Council made on 20 September 2023.



Viv May PSM  
**Administrator**  
31 October 2023



Lisa Miscamble  
**General Manager**  
31 October 2023



Pav Kuzmanovski  
**Responsible Accounting Officer**  
31 October 2023

## Wingecarribee Shire Council

### Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	4,175	3,957
User charges	8,808	8,264
Fees	445	612
Interest and investment income	2,046	414
Other revenue	208	489
Grants and contributions provided for operating purposes	—	—
Other income	1,057	204
<b>Total income from continuing operations</b>	<b>16,739</b>	<b>13,940</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,390	3,131
Materials and services	5,647	4,529
Water purchase charges	1,334	1,156
Depreciation, amortisation and impairment	6,328	5,532
Other expenses	37	14
Net loss from the disposal of assets	8,109	628
Calculated taxation equivalents	267	210
<b>Total expenses from continuing operations</b>	<b>25,112</b>	<b>15,200</b>
<b>Deficit from continuing operations before capital amounts</b>	<b>(8,373)</b>	<b>(1,260)</b>
Grants and contributions provided for capital purposes	1,646	3,547
<b>Surplus from continuing operations after capital amounts</b>	<b>(6,727)</b>	<b>2,287</b>
<b>Surplus from all operations before tax</b>	<b>(6,727)</b>	<b>2,287</b>
<b>Surplus after tax</b>	<b>(6,727)</b>	<b>2,287</b>
<b>Plus opening accumulated surplus</b>	<b>105,070</b>	<b>102,573</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	267	210
<b>Closing accumulated surplus</b>	<b>98,610</b>	<b>105,070</b>
<b>Return on capital %</b>	<b>(3.2)%</b>	<b>(0.5)%</b>
<b>Subsidy from Council</b>	<b>19,036</b>	<b>10,651</b>
<b>Calculation of dividend payable:</b>		
Surplus after tax	(6,727)	2,287
Less: capital grants and contributions (excluding developer contributions)	(1,646)	—
<b>Surplus for dividend calculation purposes</b>	<b>—</b>	<b>2,287</b>
<b>Potential dividend calculated from surplus</b>	<b>—</b>	<b>1,144</b>

## Wingecarribee Shire Council

### Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	19,530	18,579
User charges	1,318	1,202
Liquid trade waste charges	2	2
Fees	327	530
Other revenue	826	482
Grants and contributions provided for operating purposes	–	36
Interest and investment income	2,026	387
<b>Total income from continuing operations</b>	<b>24,029</b>	<b>21,218</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,781	3,805
Materials and services	7,356	5,591
Borrowing costs	160	230
Depreciation, amortisation and impairment	7,646	5,912
Other expenses	17	1
Net loss from the disposal of assets	1,695	558
Calculated taxation equivalents	262	205
Debt guarantee fee (if applicable)	98	238
<b>Total expenses from continuing operations</b>	<b>21,015</b>	<b>16,540</b>
<b>Surplus from continuing operations before capital amounts</b>	<b>3,014</b>	<b>4,678</b>
Grants and contributions provided for capital purposes	1,875	3,864
<b>Surplus from continuing operations after capital amounts</b>	<b>4,889</b>	<b>8,542</b>
<b>Surplus from all operations before tax</b>	<b>4,889</b>	<b>8,542</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(754)	(1,170)
<b>Surplus after tax</b>	<b>4,135</b>	<b>7,372</b>
<b>Plus opening accumulated surplus</b>	<b>188,716</b>	<b>179,731</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	262	205
– Debt guarantee fees	98	238
– Corporate taxation equivalent	754	1,170
<b>Closing accumulated surplus</b>	<b>193,965</b>	<b>188,716</b>
<b>Return on capital %</b>	<b>0.8%</b>	<b>1.3%</b>
<b>Subsidy from Council</b>	<b>12,784</b>	<b>8,664</b>
<b>Calculation of dividend payable:</b>		
Surplus after tax	4,136	7,372
Less: capital grants and contributions (excluding developer contributions)	(1,875)	–
<b>Surplus for dividend calculation purposes</b>	<b>2,261</b>	<b>7,372</b>
<b>Potential dividend calculated from surplus</b>	<b>1,130</b>	<b>3,686</b>

## Wingecarribee Shire Council

### Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
<strong>ASSETS</strong>		
<strong>Current assets</strong>		
Cash and cash equivalents	4,729	3,904
Investments	56,780	54,216
Receivables	3,813	3,718
Inventories	553	502
<strong>Total current assets</strong>	<strong>65,875</strong>	<strong>62,340</strong>
<strong>Non-current assets</strong>		
Investments	6,500	5,000
Infrastructure, property, plant and equipment	265,247	256,590
<strong>Total non-current assets</strong>	<strong>271,747</strong>	<strong>261,590</strong>
<strong>Total assets</strong>	<strong>337,622</strong>	<strong>323,930</strong>
<strong>LIABILITIES</strong>		
<strong>Current liabilities</strong>		
Payables	854	1,024
Contract liabilities	169	135
Employee benefit provisions	619	536
<strong>Total current liabilities</strong>	<strong>1,642</strong>	<strong>1,695</strong>
<strong>Non-current liabilities</strong>		
Employee benefit provisions	54	53
<strong>Total non-current liabilities</strong>	<strong>54</strong>	<strong>53</strong>
<strong>Total liabilities</strong>	<strong>1,696</strong>	<strong>1,748</strong>
<strong>Net assets</strong>	<strong>335,926</strong>	<strong>322,182</strong>
<strong>EQUITY</strong>		
Accumulated surplus	98,610	105,070
Revaluation surplus	237,316	217,112
<strong>Total equity</strong>	<strong>335,926</strong>	<strong>322,182</strong>

## Wingecarribee Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,736	3,666
Investments	56,883	50,608
Receivables	6,322	6,233
Inventories	76	64
<b>Total current assets</b>	<b>68,017</b>	<b>60,571</b>
<b>Non-current assets</b>		
Investments	6,500	5,000
Infrastructure, property, plant and equipment	396,976	370,831
<b>Total non-current assets</b>	<b>403,476</b>	<b>375,831</b>
<b>Total assets</b>	<b>471,493</b>	<b>436,402</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	932	650
Contract liabilities	5,129	142
Borrowings	1,209	1,409
Employee benefit provisions	957	984
<b>Total current liabilities</b>	<b>8,227</b>	<b>3,185</b>
<b>Non-current liabilities</b>		
Borrowings	1,217	5,098
Employee benefit provisions	41	86
<b>Total non-current liabilities</b>	<b>1,258</b>	<b>5,184</b>
<b>Total liabilities</b>	<b>9,485</b>	<b>8,369</b>
<b>Net assets</b>	<b>462,008</b>	<b>428,033</b>
<b>EQUITY</b>		
Accumulated surplus	193,968	188,719
Revaluation surplus	268,040	239,314
<b>Total equity</b>	<b>462,008</b>	<b>428,033</b>

## Note – Significant Accounting Policies

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

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

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

Councils are to provide details of any changes in accounting policies, errors or changes in accounting estimates during the year - the disclosures in G4 of Section 1 of the Code or the relevant disclosures from AASB 1060 (paragraphs 106 - 108 for changes in accounting policy, paragraph 109 for changes in accounting estimates or paragraph 110 for errors), can be used by the council where these changes have occurred.

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. Wingecarribee Shire Council Water Fund

Comprising the whole of the operations and assets of the water supply systems servicing the major towns of Moss Vale, Bowral, Mittagong, Robertson and Bundanoon and surrounding villages, and the village of Berrima.

##### b. Wingecarribee Shire Council Sewerage Fund

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the major towns of Moss Vale, Bowral and Bundanoon, Robertson, and Mittagong and surrounding villages, and the village of Berrima.

#### Category 2

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

Nil

### Taxation equivalent charges

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

## Note – Significant Accounting Policies (continued)

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

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

### Notional rate applied (%)

Corporate income tax rate – **25.0%** (2022: 25.0%)

Land tax – the first \$969,000 (2022: \$822,000) of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 (2022: \$5,026,000) a premium marginal rate of **2.0%** applies.

In accordance with section 4 of Department of Planning and Environment (DPE) – Water's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to sections 3 and 4 of DPE – Water's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

### Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25.0% (2022: 25.0%).

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

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

The rate applied of 25.0% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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



## Note – Significant Accounting Policies (continued)

### (ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/2023 (2022: 3.66%).

### (iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with section 4 of DPE – Water's regulatory and assurance framework and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE – Water.



## **INDEPENDENT AUDITOR'S REPORT**

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

#### **Wingecarribee Shire Council**

To the Administrator of Wingecarribee Shire Council

### **Opinion**

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

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity

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

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

### **Basis for Opinion**

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

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

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

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

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

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

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

## **Emphasis of Matter - Basis of Accounting**

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Administrators' Responsibilities for the Financial Statements**

The Administrator is responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant Accounting Policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Administrator's responsibility also includes such internal control as the Administrator determines 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 Administrator is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023  
SYDNEY

# Special Schedules



For the year ended 30 June 2023



*We're with you*

Wingecarribee Shire Council

Special Schedules

for the year ended 30 June 2023

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## Wingecarribee Shire Council

## Permissible income for general rates

\$ '000	Notes	2022/23	2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	54,134	<b>55,748</b>
Plus or minus adjustments <sup>2</sup>	b	537	<b>223</b>
<b>Notional general income</b>	$c = a + b$	<b>54,671</b>	<b>55,971</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	0.00%	<b>4.10%</b>
Or crown land adjustment (incl. rate peg percentage)	f	2.01%	<b>0.00%</b>
Or plus rate peg amount	$i = e \times (c + g)$	—	<b>2,295</b>
Or plus Crown land adjustment and rate peg amount	$j = f \times (c + g)$	1,099	—
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>55,770</b>	<b>58,266</b>
Plus (or minus) last year's carry forward total	l	4	<b>20</b>
Less valuation objections claimed in the previous year	m	(6)	—
<b>Sub-total</b>	$n = (l + m)$	<b>(2)</b>	<b>20</b>
<b>Total permissible income</b>	$o = k + n$	<b>55,768</b>	<b>58,286</b>
Less notional general income yield	p	55,748	<b>58,261</b>
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>20</b>	<b>25</b>
<b>Carry forward to next year <sup>3</sup></b>	$t = q + r + s$	<b>20</b>	<b>25</b>

**Notes**

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





## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Wingecarribee Shire Council

To the Administrator of Wingecarribee Shire Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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



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

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

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

I have nothing to report in this regard.

### **The Administrators' Responsibilities for the Schedule**

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

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

### **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

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


Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

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

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

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

A handwritten signature in black ink, appearing to read 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023  
SYDNEY

## Wingecarribee Shire Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Other	1,349	1,349	1,775	2,367	141,888	188,575	53.8%	25.0%	17.2%	4.0%	0.0%
	<b>Sub-total</b>	<b>1,349</b>	<b>1,349</b>	<b>1,775</b>	<b>2,367</b>	<b>141,888</b>	<b>188,575</b>	<b>53.8%</b>	<b>25.0%</b>	<b>17.2%</b>	<b>4.0%</b>	<b>0.0%</b>
Other structures	Other structures	75	75	93	125	8,258	11,951	36.0%	30.0%	31.0%	3.0%	0.0%
	<b>Sub-total</b>	<b>75</b>	<b>75</b>	<b>93</b>	<b>125</b>	<b>8,258</b>	<b>11,951</b>	<b>36.0%</b>	<b>30.0%</b>	<b>31.0%</b>	<b>3.0%</b>	<b>0.0%</b>
Roads	Sealed roads	7,461	7,461	4,984	7,666	372,457	576,212	14.8%	69.4%	13.9%	2.0%	0.0%
	Unsealed roads	79	79	1,947	2,412	84,853	96,859	61.7%	37.4%	0.6%	0.3%	0.0%
	Bridges	26	26	31	2	38,681	47,433	72.2%	24.5%	3.0%	0.3%	0.0%
	Footpaths	881	881	445	445	39,552	57,150	38.3%	34.2%	19.6%	8.0%	0.0%
	Other road assets	2,438	2,438	605	1,114	91,639	126,843	28.8%	57.7%	7.0%	6.5%	0.0%
	Bulk earthworks	—	—	—	—	292,553	292,553	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>10,885</b>	<b>10,885</b>	<b>8,012</b>	<b>11,639</b>	<b>919,735</b>	<b>1,197,050</b>	<b>19.8%</b>	<b>69.6%</b>	<b>8.5%</b>	<b>2.1%</b>	<b>0.0%</b>
Water supply network	Water supply network	2,658	2,658	10,903	9,971	243,185	450,558	70.0%	16.6%	11.7%	0.8%	0.9%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>2,658</b>	<b>2,658</b>	<b>10,903</b>	<b>9,971</b>	<b>243,185</b>	<b>450,558</b>	<b>70.0%</b>	<b>16.6%</b>	<b>11.7%</b>	<b>0.8%</b>	<b>0.9%</b>
Sewerage network	Other	7,262	7,262	12,327	10,229	370,013	553,432	77.0%	16.6%	3.0%	1.1%	2.3%
	<b>Sub-total</b>	<b>7,262</b>	<b>7,262</b>	<b>12,327</b>	<b>10,229</b>	<b>370,013</b>	<b>553,432</b>	<b>77.0%</b>	<b>16.6%</b>	<b>3.0%</b>	<b>1.1%</b>	<b>2.3%</b>
Stormwater drainage	Other	9,137	9,137	320	909	190,359	231,935	37.5%	33.6%	25.0%	1.6%	2.3%
	<b>Sub-total</b>	<b>9,137</b>	<b>9,137</b>	<b>320</b>	<b>909</b>	<b>190,359</b>	<b>231,935</b>	<b>37.5%</b>	<b>33.6%</b>	<b>25.0%</b>	<b>1.6%</b>	<b>2.3%</b>
Open space / recreational assets	Open space / recreational assets	723	723	2,464	2,244	23,496	42,538	18.0%	41.0%	29.0%	12.0%	0.0%
	<b>Sub-total</b>	<b>723</b>	<b>723</b>	<b>2,464</b>	<b>2,244</b>	<b>23,496</b>	<b>42,538</b>	<b>18.0%</b>	<b>41.0%</b>	<b>29.0%</b>	<b>12.0%</b>	<b>0.0%</b>
Other infrastructure assets	Public Art and Monuments	10	10	—	—	1,966	2,449	63.0%	30.0%	5.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>10</b>	<b>10</b>	<b>—</b>	<b>—</b>	<b>1,966</b>	<b>2,449</b>	<b>63.0%</b>	<b>30.0%</b>	<b>5.0%</b>	<b>2.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>32,099</b>	<b>32,099</b>	<b>35,894</b>	<b>37,484</b>	<b>1,898,900</b>	<b>2,678,488</b>	<b>44.1%</b>	<b>42.8%</b>	<b>10.4%</b>	<b>1.9%</b>	<b>0.8%</b>

Wingecarribee Shire Council

Report on infrastructure assets as at 30 June 2023 (continued)

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

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

## Wingecarribee Shire Council

### Report on infrastructure assets as at 30 June 2023

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

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022      2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>	45,830	131.70%	140.65%	111.19%	> 100.00%
Depreciation, amortisation and impairment	34,800				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	32,099	1.66%	1.72%	1.68%	< 2.00%
Net carrying amount of infrastructure assets	1,935,006				
Asset maintenance ratio					
Actual asset maintenance	37,484	104.43%	116.03%	119.44%	> 100.00%
Required asset maintenance	35,894				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	32,099	1.20%	1.24%	1.21%	
Gross replacement cost	2,678,488				

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

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

## Wingecarribee Shire Council

## Report on infrastructure assets as at 30 June 2023

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals <sup>1</sup>	191.90%	172.36%	19.62%	83.04%	50.01%	88.81%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	1.68%	1.71%	1.09%	1.20%	1.96%	2.10%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	136.48%	173.32%	91.45%	76.59%	82.98%	77.42%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.32%	1.36%	0.59%	0.64%	1.31%	1.41%	
Gross replacement cost							

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