

General Purpose Financial Statements

For the year ended 30 June 2023



Murrumbidgee
COUNCIL



Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	70
On the Financial Statements (Sect 417 [3])	71

Overview

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

35 Jerilderie Street
Jerilderie NSW 2716

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.murrumbidgee.nsw.gov.au.

Murrumbidgee Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 21 November 2023.

Ruth McRae OAM
Mayor
21 November 2023

Robert Black
Councillor
21 November 2023

John Scarce
General Manager
21 November 2023

Kaitlin Salzke
Responsible Accounting Officer
21 November 2023

Murrumbidgee Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000		Notes	Actual 2023	Restated Actual 2022
		Income from continuing operations			
6,393		Rates and annual charges	B2-1	6,276	6,044
2,846		User charges and fees	B2-2	2,944	2,400
277		Other revenues	B2-3	498	269
7,615		Grants and contributions provided for operating purposes	B2-4	13,577	9,813
9,149		Grants and contributions provided for capital purposes	B2-4	4,460	6,106
193		Interest and investment income	B2-5	984	116
–		Net gain from the disposal of assets	B4-1	–	418
198		Other income	B2-6	175	205
26,671		Total income from continuing operations		28,914	25,371
		Expenses from continuing operations			
7,317		Employee benefits and on-costs	B3-1	7,820	6,458
3,527		Materials and services	B3-2	7,618	5,248
–		Borrowing costs	B3-3	164	21
6,451		Depreciation, amortisation and impairment of non-financial assets	B3-4	7,173	6,453
–		Net loss from the disposal of assets	B4-1	1,074	–
2,006		Other expenses	B3-5	629	520
19,301		Total expenses from continuing operations		24,478	18,700
7,370		Operating result from continuing operations		4,436	6,671
7,370		Net operating result for the year attributable to Council		4,436	6,671
(1,779)		Net operating result for the year before grants and contributions provided for capital purposes		(24)	565

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

Murrumbidgee Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	Restated 2022
Net operating result for the year – from Income Statement		4,436	6,671
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of IPP&E	C1-7	34,891	27,005
Gain on revaluation of intangible assets	C1-8	21	533
Total items which will not be reclassified subsequently to the operating result		34,912	27,538
Total other comprehensive income for the period		34,912	27,538
Total comprehensive income for the year attributable to Council		39,348	34,209

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

Murrumbidgee Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	1 July 2021
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	3,398	13,585	6,555
Investments	C1-2	33,741	16,700	20,834
Receivables	C1-4	1,655	2,326	1,894
Inventories	C1-5	1,407	1,655	1,340
Contract assets and contract cost assets	C1-6	1,372	1,554	516
Other	C1-9	53	45	43
Total current assets		41,626	35,865	31,182
Non-current assets				
Inventories	C1-5	882	791	1,161
Infrastructure, property, plant and equipment (IPPE)	C1-7	334,948	301,486	271,434
Intangible assets	C1-8	1,935	2,274	1,741
Total non-current assets		337,765	304,551	274,336
Total assets		379,391	340,416	305,518
LIABILITIES				
Current liabilities				
Payables	C3-1	2,021	1,739	1,506
Contract liabilities	C3-2, G3-1	9,666	10,749	9,979
Employee benefit provisions	C3-4	3,082	3,001	3,304
Provisions	C3-5	119	–	–
Total current liabilities		14,888	15,489	14,789
Non-current liabilities				
Employee benefit provisions	C3-4	67	65	73
Provisions	C3-5	225	–	–
Total non-current liabilities		292	65	73
Total liabilities		15,180	15,554	14,862
Net assets		364,211	324,862	290,656
EQUITY				
Accumulated surplus	G3-1	295,584	291,148	284,479
IPPE revaluation reserve		68,627	33,715	6,177
Total equity		364,211	324,863	290,656

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

Murrumbidgee Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000					Restated	Restated	Restated
Opening balance at 1 July		291,148	33,715	324,863	278,020	6,328	284,348
Correction of prior period errors	G3-1	–	–	–	6,457	(151)	6,306
Restated opening balance		291,148	33,715	324,863	284,477	6,177	290,654
Net operating result for the year		4,436	–	4,436	6,830	–	6,830
Correction of prior period errors	G3-1	–	–	–	(159)	–	(159)
Net operating result for the period		4,436	–	4,436	6,671	–	6,671
Other comprehensive income							
Correction of prior period errors	G3-1	–	–	–	–	557	557
Gain on revaluation of IPP&E	C1-7	–	34,891	34,891	–	26,448	26,448
Gain on revaluation of intangible assets		–	21	21	–	533	533
Other comprehensive income		–	34,912	34,912	–	27,538	27,538
Total comprehensive income		4,436	34,912	39,348	6,671	27,538	34,209
Closing balance at 30 June		295,584	68,627	364,211	291,148	33,715	324,863

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

Murrumbidgee Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
6,393	Rates and annual charges		6,262	5,953
2,846	User charges and fees		2,883	2,759
193	Interest received		734	83
16,764	Grants and contributions		18,171	14,942
–	Bonds, deposits and retentions received		34	2
475	Other		1,824	1,843
Payments:				
(7,317)	Payments to employees		(7,649)	(6,649)
(3,527)	Payments for materials and services		(7,711)	(5,432)
–	Borrowing costs		(164)	–
(2,005)	Other		(825)	(1,562)
13,822	Net cash flows from operating activities	G1-1	13,559	11,939
Cash flows from investing activities				
Receipts:				
–	Sale of investments		16,700	20,834
300	Sale of real estate assets		300	243
813	Proceeds from sale of IPPE		624	578
–	Sale of intangible assets		44	–
–	Deferred debtors receipts		–	2
Payments:				
–	Purchase of investments		(16,700)	(20,834)
–	Acquisition of term deposits		(17,041)	4,134
(19,379)	Payments for IPPE		(7,340)	(9,823)
–	Purchase of real estate assets		(334)	(43)
(18,266)	Net cash flows from/(used in) investing activities		(23,747)	(4,909)
Cash flows from financing activities				
Receipts:				
4,375	Proceeds from borrowings		–	–
Payments:				
(81)	Repayment of borrowings		–	–
4,294	Net cash flows from financing activities		–	–
(150)	Net change in cash and cash equivalents		(10,188)	7,030
26,702	Cash and cash equivalents at beginning of year		13,585	6,555
26,552	Cash and cash equivalents at end of year	C1-1	3,397	13,585
–	plus: Investments on hand at end of year	C1-2	33,741	16,700
26,552	Total cash, cash equivalents and investments		37,138	30,285

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

Murrumbidgee Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	21
B3 Costs of providing services	22
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	23
B3-3 Borrowing costs	23
B3-4 Depreciation, amortisation and impairment of non-financial assets	24
B3-5 Other expenses	25
B4 Gains or losses	25
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	25
B5 Performance against budget	26
B5-1 Material budget variations	26
C Financial position	27
C1 Assets we manage	27
C1-1 Cash and cash equivalents	27
C1-2 Financial investments	27
C1-3 Restricted and allocated cash, cash equivalents and investments	27
C1-4 Receivables	30
C1-5 Inventories	31
C1-6 Contract assets and Contract cost assets	32
C1-7 Infrastructure, property, plant and equipment	33
C1-8 Intangible assets	37
C1-9 Other	37
C2 Leasing activities	39
C2-1 Council as a lessee	39
C2-2 Council as a lessor	39
C3 Liabilities of Council	41
C3-1 Payables	41
C3-2 Contract Liabilities	42
C3-3 Borrowings	43
C3-4 Employee benefit provisions	44

Murrumbidgee Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

C3-5 Provisions	45
C4 Reserves	46
C4-1 Nature and purpose of reserves	46
D Council structure	47
D1 Results by fund	47
D1-1 Income Statement by fund	47
D1-2 Statement of Financial Position by fund	48
D1-3 Details of internal loans	49
D2 Interests in other entities	50
D2-1 Subsidiaries, joint arrangements and associates not recognised	50
E Risks and accounting uncertainties	51
E1-1 Risks relating to financial instruments held	51
E2-1 Fair value measurement	54
E3-1 Contingencies	58
F People and relationships	61
F1 Related party disclosures	61
F1-1 Key management personnel (KMP)	61
F1-2 Councillor and Mayoral fees and associated expenses	62
F2 Other relationships	62
F2-1 Audit fees	62
G Other matters	62
G1-1 Statement of Cash Flows information	62
G2-1 Commitments	63
G3 Changes from prior year statements	63
G3-1 Correction of errors	63
G4 Statement of developer contributions as at 30 June 2023	66
G4-1 Summary of developer contributions	66
G5 Statement of performance measures	67
G5-1 Statement of performance measures – consolidated results	67
G5-2 Statement of performance measures by fund	68

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 21 November 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated fair values of intangible assets - refer Note C1-8
- (iii) employee benefit provisions – refer Note C3-4
- (iv) 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 to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Coleambally Town Improvement
- Darlington Point Town Improvement
- Coleambally Water Supply Fund
- Darlington Point Water Supply Fund

A1-1 Basis of preparation (continued)

- Jerilderie Water Supply Fund
- Coleambally Sewerage Fund
- Darlington Point Sewerage Fund
- Jerilderie Sewerage Fund

The Trust Fund

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

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- Wallis Estate
- Sundry Trust Deposits

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not make material use of volunteer services.

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

Those newly adopted standards have had no material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022 Restated	2023	2022 Restated	2023	2022	2023	2022
\$ '000										
Functions or activities										
Governance and Administration	13,366	12,122	7,444	6,552	5,922	5,570	7,849	7,155	50,584	42,160
Public Order and Safety	150	339	683	540	(533)	(201)	146	334	3,584	2,144
Health	23	9	33	48	(10)	(39)	10	–	986	992
Environmental Protection	711	587	1,699	908	(988)	(321)	239	228	21,868	14,773
Community Services and Education	327	1,574	184	323	143	1,251	129	1,554	3,602	2,570
Housing and Community Amenities	412	471	657	702	(245)	(231)	191	205	6,517	5,125
Recreation and Cultural	1,136	2,243	2,384	2,034	(1,248)	209	1,104	1,842	36,997	24,446
Mining, Manufacturing and Construction	21	40	–	29	21	11	–	–	632	226
Transport and Communications	7,834	4,480	6,704	4,590	1,130	(110)	7,834	4,480	202,909	208,768
Economic Affairs	2,685	1,685	2,417	1,111	268	574	536	53	3,526	3,247
Water Supply	1,386	1,193	1,236	1,111	150	82	–	68	21,564	13,304
Sewerage Services	863	628	1,037	731	(174)	(103)	–	–	26,622	14,878
Other	–	–	–	21	–	(21)	(1)	–	–	7,783
Total functions and activities	28,914	25,371	24,478	18,700	4,436	6,671	18,037	15,919	379,391	340,416

B1-2 Components of functions or activities

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

Governance and Administration

Governance and administration functions of Council, Council depot and general purpose revenue.

Public Order and Safety

Animal control, fire and emergency services.

Health

Health, food control and medical services.

Environmental Protection

Noxious plants, environmental protection, solid waste management, street cleaning, drainage and stormwater management.

Community Services and Education

Community services administration, aged and disabled services and children's services.

Housing and Community Amenities

Public cemeteries, public conveniences, street lighting, town planning and other community amenities.

Recreation and Cultural

Public libraries, museum, community centres and halls, other cultural activities, sports grounds and venues, swimming pools, parks and gardens, other sport and recreation.

Mining, Manufacturing and Construction

Building control, quarries and gravel pits.

Transport and Communications

Roads, bridges, footpaths, car parks, aerodrome, tree maintenance and radio communications.

Economic Affairs

Caravan parks, industrial development and promotion, real estate development, saleyards, tourism and area promotion, share farming, private works including State Road maintenance contracts and other business activities.

Water Supply

Provision of water supply to towns.

Sewerage Services

Provision of sewerage services to towns.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	Timing	2023	2022
Ordinary rates			
Residential	2	434	418
Farmland	2	3,934	3,826
Business	2	236	230
Less: pensioner rebates (mandatory)	2	(32)	(34)
Rates levied to ratepayers		4,572	4,440
Pensioner rate subsidies received	2	17	19
Total ordinary rates		4,589	4,459
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)			
Domestic waste management services	2	227	216
Water supply services	2	716	678
Waste management services (non-domestic)	2	114	108
Sewerage services	2	659	613
Less: pensioner rebates (mandatory)	2	(62)	(66)
Annual charges levied		1,654	1,549
Pensioner annual charges subsidies received:			
– Water	2	10	11
– Sewerage	2	10	11
– Domestic waste management	2	13	14
Total annual charges		1,687	1,585
Total rates and annual charges		6,276	6,044
Timing of revenue recognition for rates and annual charges			
Rates and annual charges recognised at a point in time (2)		6,276	6,044
Total rates and annual charges		6,276	6,044

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time",
- (2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

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 beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	2	457	429
Sewerage services	2	4	2
Waste management services (non-domestic)	2	34	31
Total specific user charges		495	462
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building regulation	2	20	39
Building services – other	2	3	4
Planning and building regulation	2	89	95
Private works – section 67	2	229	399
Regulatory/statutory fees	2	11	3
Section 10.7 certificates (EP&A Act)	2	13	23
Section 603 certificates	2	9	12
Total fees and charges – statutory/regulatory		374	575
(ii) Fees and charges – other (incl. general user charges (per s608))			
Community centres	2	10	5
Leaseback fees – Council vehicles	2	24	26
Library	2	1	1
Park rents	2	5	1
Transport for NSW works (state roads not controlled by Council)	2	1,891	1,200
Saleyards	2	9	15
Waste disposal tipping fees	2	4	3
Cemetery	2	74	59
Community care services	2	2	20
Other	2	55	33
Total fees and charges – other		2,075	1,363
Total other user charges and fees		2,449	1,938
Total user charges and fees		2,944	2,400
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		2,944	2,400
Total user charges and fees		2,944	2,400

Accounting policy

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

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

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 the term of the licence.

B2-3 Other revenues

\$ '000	Timing	2023	2022
Commissions and agency fees	2	86	94
Diesel rebate	2	56	52
Recycling income (non-domestic)	2	8	7
Insurance rebates	2	24	35
Miscellaneous sales	2	4	3
Other	2	315	62
Contributions to long service leave	2	5	16
Total other revenue		498	269
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		498	269
Total other revenue		498	269

Accounting policy for other revenue

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

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

Fines are recognised when the penalty has been paid.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	2	1,507	2,574	—	—
Payment in advance - future year allocation					
Financial assistance	2	5,846	3,959	—	—
Other					
Other grants	2	10	32	—	—
Amount recognised as income during current year		7,363	6,565	—	—
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	27	68	—	—
Economic development	2	195	—	—	—
Employment and training programs	2	—	4	—	—
Environmental programs	1	—	171	—	—
FOGO Implementation	—	—	—	78	—
Heritage and cultural	2	—	103	—	—
Library	2	74	73	—	—
Noxious weeds	2	91	57	—	—
NSW Rural Fire Service	2	145	329	—	5
Recreation and culture	1	28	—	—	—
Storm/flood damage	—	148	—	—	—
Stronger Communities Fund	1	21	57	1,678	1,738
Community services	1	—	190	—	—
Stronger Country Communities	1	5	—	620	1,653
Street lighting	2	48	46	—	—
Drought Communities	1	—	201	—	—
Transport (roads to recovery)	2	885	1,008	—	—
Transport (other roads and bridges funding)	1	3,558	—	1,337	1,249
Local Roads and Community Infrastructure	1	—	—	495	1,343
Planning Portal	2	12	37	—	—
Other specific grants	2	42	24	—	34
Solar farm contribution	2	40	—	—	—
Recreation and culture	2	—	—	57	5
Transport for NSW contributions (regional roads, block grant)	2	895	880	131	—
Total special purpose grants and non-developer contributions – cash		6,214	3,248	4,396	6,027
Total grants and non-developer contributions		13,577	9,813	4,396	6,027
Comprising:					
– Commonwealth funding		8,387	7,936	495	1,942
– State funding		5,139	1,874	3,870	4,057
– Other funding		51	3	31	28
		13,577	9,813	4,396	6,027

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	2	–	–	64	79
Total developer contributions – cash		–	–	64	79
Total developer contributions		–	–	64	79
Total contributions		–	–	64	79
Total grants and contributions		13,577	9,813	4,460	6,106
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		–	619	–	5,983
Grants and contributions recognised at a point in time (2)		13,577	9,194	4,460	123
Total grants and contributions		13,577	9,813	4,460	6,106

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022 Restated
Unspent grants and contributions				
Unspent funds at 1 July	125	249	10,748	9,979
Add: operating grants recognised as income in the current period but not yet spent	3,327	16	164	21
Add: funds received and not recognised as revenue in the current year	–	–	2,133	4,233
Less: capital grants recognised in a previous reporting period now spent	(67)	(140)	(3,380)	(3,485)
Unspent funds at 30 June	3,385	125	9,665	10,748
Contributions				
Unspent funds at 1 July	873	224	486	407
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	873	64	79
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(383)	(224)	–	–
Unspent contributions at 30 June	490	873	550	486

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include milestones within AASB 15 grants. Payment terms vary depending on the terms of the grant: cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	38	34
– Cash and investments	946	82
Total interest and investment income (losses)	984	116

Interest and investment income is attributable to:

Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	17	15
General Council cash and investments	674	58

Restricted investments/funds – external:

Water fund operations	128	22
Sewerage fund operations	165	21

Total interest and investment income	984	116
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Accounting policy

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

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Property rental		60	47
Housing rental		115	158
Total rental income	C2-2	175	205
Total other income		175	205

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	6,327	6,014
Employee leave entitlements (ELE)	1,164	672
Superannuation	797	715
Workers' compensation insurance	202	140
Fringe benefits tax (FBT)	105	59
Other	10	55
Total employee costs	8,605	7,655
Less: capitalised costs	(785)	(1,197)
Total employee costs expensed	7,820	6,458
Number of 'full-time equivalent' employees (FTE) at year end	90	87
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	95	92

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		11,618	12,654
Contractor and consultancy costs:			
– Waste collection		117	116
– Other		1,852	1,329
Audit Fees	F2-1	45	77
Other expenses:			
– Advertising		31	37
– Bank charges		16	14
– Councillor and mayoral fees and associated expenses	F1-2	197	211
– Electricity and heating		324	299
– Fire control expenses		87	58
– Insurance		597	509
– Street lighting		55	40
– Subscriptions – shires association		24	–
– Subscriptions and publications – other		64	105
– Telephone and communications		78	86
– Training costs (other than salaries and wages)		57	48
– Travel expenses		1	89
– Other		1	2
Legal expenses:			
– Planning and development		–	3
– Other		27	7
Total materials and services		15,191	15,684
Less: capitalised costs		(7,573)	(10,436)
Total materials and services		7,618	5,248

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2023	2022 Restated
(i) Interest bearing liability costs		
Interest on unspent grant funds	164	21
Total borrowing costs expensed	164	21

Accounting policy

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

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

\$ '000	Notes	2023	2022 Restated
Depreciation and amortisation			
Plant and equipment		1,315	1,254
Office equipment		61	56
Furniture and fittings		15	13
Land improvements (depreciable)		140	406
Infrastructure:	C1-7		
– Buildings		786	–
– Buildings – non-specialised		–	177
– Buildings – specialised		–	576
– Other structures		145	61
– Roads		3,180	3,176
– Bridges		96	91
– Footpaths		79	79
– Other road assets		248	233
– Stormwater drainage		159	119
– Water supply network		379	315
– Sewerage network		498	358
– Swimming pools		78	41
– Other open space/recreational assets		243	54
– Other infrastructure		24	–
Other assets:			
– Library books		17	15
– Landfill assets		48	–
Total gross depreciation and amortisation costs		7,511	7,024
Less: capitalised costs		(338)	(571)
Total depreciation, amortisation and impairment for non-financial assets		7,173	6,453

Accounting policy

Depreciation and amortisation

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

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	2023	2022
Contributions/levies to other levels of government		
– NSW – SES	10	6
– NSW fire brigade levy	24	21
– NSW rural fire service levy	444	341
– Mobile book library contribution	104	104
Donations, contributions and assistance to other organisations (Section 356)	47	48
Total other expenses	629	520

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		495	507
Less: carrying amount of plant and equipment assets sold/written off		(232)	(197)
Gain (or loss) on disposal		263	310
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		129	71
Less: carrying amount of infrastructure assets sold/written off		(1,365)	(124)
Gain (or loss) on disposal		(1,236)	(53)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		300	243
Less: carrying amount of real estate assets sold/written off		(85)	(82)
Gain (or loss) on disposal		215	161
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		16,700	20,834
Less: carrying amount of investments sold/redeemed/matured		(16,700)	(20,834)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of intangible assets	C1-8		
Proceeds from disposal – intangible assets		44	–
Less: carrying amount of intangible assets sold/written off		(360)	–
Gain (or loss) on disposal		(316)	–
Net gain (or loss) from disposal of assets		(1,074)	418

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
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Revenues

User charges and fees	2,846	2,944	98	3%	F
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Increased RMCC income of \$418k, planning fees \$16, facility hire \$20 and various other assorted charges of \$86k, offset by reduced water & sewer charges of \$177k, quarry charges \$45k and private works income of \$221k

Operating grants and contributions	7,615	13,577	5,962	78%	F
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Council received an additional amount of Financial Assistance Grant due to full prepayment of future grant allocation amounting to \$2,476. Additional grants for flood recovery emergency works \$148k, Pothole Repair Program \$546k and Rural & Local Road Repair Program of \$2,896 were received as a result of decisions from various government agencies following the significant rain and flood events of late 2022. Other grant opportunities including Tourism & Economic Development \$195, Heritage & Cultural \$30k, Youth & Youth Holiday programs \$37k, Roads & Transport strategies and repairs \$105k were utilised during the year, together with other grant funds previously held as liabilities.

Capital grants and contributions	9,149	4,460	(4,689)	(51)%	U
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Deferred projects for which Council included proposed grants include water supply works \$2,898m, road reconstruction works \$2,103m, real estate development \$1,400m and flood mitigation works \$557k. Inclusion of proposed grants which were not forthcoming include caravan park upgrades \$234k, CCTV \$80k, sporting facilities improvements \$40k and footpath installation \$10k. Subsequent additional grant funds for Stronger Country Communities and Local Roads and Community Infrastructure works have been sourced, together with utilisation of other grants previously held as liabilities.

Interest and investment revenue	193	984	791	410%	F
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Increased interest rates, together with larger than anticipated term deposits held account for this significant variation.

Expenses

Materials and services	3,527	7,618	(4,091)	(116)%	U
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Council have inadvertently included some \$1.377m as other expenses rather than materials & contracts in its budget calculations. This coupled with additional expenditure for grant funded projects and variations between self funded and contracted works have resulted in this substantial variation to the original budget.

Statement of cash flows

Cash flows from operating activities	13,822	13,559	(263)	(2)%	U
Cash flows from financing activities	4,294	-	(4,294)	(100)%	U

Council did not take up proposed borrowings due to deferral of works for the caravan park upgrade and real estate development.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	1,295	1,533
Cash equivalent assets		
– Short-term deposits	2,103	12,052
Total cash and cash equivalents	3,398	13,585

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Long-term deposits	33,741	–	16,700	–
Total cash assets, cash equivalents and investments	37,139	–	30,285	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

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

	2023	2022 Restated
\$ '000		
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	37,139	30,285
Less: Externally restricted cash, cash equivalents and investments	(22,819)	(21,932)
Cash, cash equivalents and investments not subject to external restrictions	14,320	8,353
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	7,702	10,748
Specific purpose unexpended grants – water fund	1,963	1,963
External restrictions – included in liabilities	9,665	12,711
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	550	486
Transport for NSW contributions	490	873
Specific purpose unexpended grants (recognised as revenue) – general fund	3,385	125
Water fund	3,509	2,880
Sewer fund	4,665	4,351
Other special levies	481	432
Domestic waste management	74	74
External restrictions – other	13,154	9,221
Total external restrictions	22,819	21,932

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

	2023	2022 Restated
\$ '000		
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	14,320	8,353
Less: Internally restricted cash, cash equivalents and investments	(12,197)	(9,832)
Unrestricted and unallocated cash, cash equivalents and investments	2,123	(1,479)
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Infrastructure replacement	1,934	2,704
Employees leave entitlement	1,096	1,096
Carry over works	750	468
Deposits, retentions and bonds	60	26
Plant and vehicle replacement	1,615	1,118
State Emergency Service	15	15
Local Environmental Plan	20	20
Financial Assistance Grant advance payment	5,846	3,959
Other	178	–
Real estate development	335	150
Caravan park	190	70

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

	2023	2022 Restated
\$ '000		
Jerilderie Monash Committee	158	206
Total internal allocations	12,197	9,832

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

	2023	2022 Restated
\$ '000		
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	2,123	(1,479)

DRAFT

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	541	–	533	–
Interest and extra charges	53	–	48	–
User charges and fees	537	–	519	–
Accrued revenues				
– Interest on investments	258	–	35	–
Government grants and subsidies	105	–	1,140	–
Net GST receivable	161	–	52	–
Other debtors	31	–	29	–
Total	1,686	–	2,356	–
Less: provision for impairment				
User charges and fees	(31)	–	(30)	–
Total provision for impairment – receivables	(31)	–	(30)	–
Total net receivables	1,655	–	2,326	–

Accounting policy

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

Impairment

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

When 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.

COVID-19

Council's rate and user charges collections have not been significantly impacted by the Covid 19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision.

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale (refer below)	950	882	792	791
Stores and materials	457	–	863	–
Total inventories	1,407	882	1,655	791

Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Water				
Stores and materials	28	–	27	–
Total water	28	–	27	–
Total externally restricted assets	28	–	27	–
Total inventories	1,407	882	1,655	791

(ii) Other disclosures

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(a) Details for real estate development				
Residential	950	551	724	533
Industrial/commercial	–	331	68	258
Total real estate for resale	950	882	792	791

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

\$ '000	2023	2022
Real estate for resale	803	699
	803	699

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	1,372	–	1,554	–
Total contract assets	1,372	–	1,554	–
(i) Externally restricted assets				
Externally restricted assets				
Water	23	–	141	–
Total externally restricted assets	23	–	141	–
Total restricted assets	23	–	141	–
Total unrestricted assets	1,349	–	1,413	–
Total contract assets and contract cost asset	1,372	–	1,554	–

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.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Reclassification	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	6,108	—	6,108	2,478	240	—	—	(4,557)	—	—	—	—	4,269	—	4,269
Plant and equipment	15,230	(8,753)	6,477	1,086	103	(232)	(1,315)	—	—	(11)	—	—	15,716	(9,608)	6,108
Office equipment	949	(852)	97	39	72	(2)	(61)	—	—	—	—	—	1,033	(888)	145
Furniture and fittings	440	(315)	125	7	27	—	(15)	—	—	(5)	—	—	360	(221)	139
Land:															
– Crown land	778	—	778	—	—	—	—	—	—	592	—	883	2,253	—	2,253
– Operational land	3,142	—	3,142	—	14	—	—	—	—	(40)	—	2,568	5,684	—	5,684
– Community land	2,174	—	2,174	—	—	—	—	—	—	(552)	—	868	2,490	—	2,490
Land improvements – depreciable	16,707	(3,258)	13,449	—	—	(154)	(140)	—	—	(5,253)	—	561	8,868	(405)	8,463
Infrastructure:															
– Buildings	—	—	—	378	440	(98)	(786)	1,358	108	26,890	—	12,731	57,915	(16,894)	41,021
– Buildings – non-specialised	9,773	(3,630)	6,143	—	—	(3)	—	—	—	(6,140)	—	—	—	—	—
– Buildings – specialised	37,917	(15,299)	22,618	—	—	(21)	—	—	—	(22,597)	—	—	—	—	—
– Other structures	2,649	(199)	2,450	—	44	—	(145)	10	14	2,287	—	515	7,525	(2,350)	5,175
– Roads	199,284	(78,095)	121,189	1,062	66	(571)	(3,180)	1,862	—	—	(6,612)	—	202,670	(88,854)	113,816
– Bridges	8,041	(5,212)	2,829	—	—	—	(96)	—	—	—	—	39	8,155	(5,383)	2,772
– Footpaths	4,608	(1,597)	3,011	—	5	—	(79)	—	—	—	—	34	4,665	(1,694)	2,971
– Other road assets	14,835	(6,118)	8,717	—	372	(5)	(248)	—	—	—	—	362	15,611	(6,413)	9,198
– Bulk earthworks (non-depreciable)	67,734	—	67,734	551	—	—	—	—	—	—	—	728	69,013	—	69,013
– Stormwater drainage	13,821	(5,769)	8,052	—	9	(473)	(159)	1,093	—	442	—	2,311	18,254	(6,979)	11,275
– Water supply network	20,550	(11,953)	8,597	25	4	(15)	(379)	—	—	(409)	—	7,715	31,488	(15,950)	15,538
– Sewerage network	29,185	(14,958)	14,227	—	—	—	(498)	—	—	60	—	7,674	42,127	(20,664)	21,463
– Swimming pools	2,326	(161)	2,165	—	—	—	(78)	—	—	(222)	—	1,448	5,067	(1,754)	3,313
– Other open space/recreational assets	1,835	(468)	1,367	—	204	(24)	(243)	234	—	3,965	—	1,015	8,733	(2,215)	6,518
– Other infrastructure	—	—	—	—	—	—	(24)	—	—	782	—	788	2,041	(495)	1,546
Other assets:															
– Library books	68	(31)	37	10	—	—	(17)	—	—	—	—	—	78	(48)	30
– Landfill and quarry assets	—	—	—	—	—	—	(48)	—	322	211	—	1,263	2,374	(626)	1,748
Total infrastructure, property, plant and equipment	458,154	(156,668)	301,486	5,636	1,600	(1,598)	(7,511)	—	444	—	(6,612)	41,503	516,389	(181,441)	334,948

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR) Restated	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '000													
Capital work in progress	1,409	–	1,409	4,059	792	–	–	(152)	–	–	6,108	–	6,108
Plant and equipment	14,006	(7,942)	6,064	1,861	–	(194)	(1,254)	–	–	–	15,230	(8,753)	6,477
Office equipment	926	(798)	128	28	–	(3)	(56)	–	–	–	949	(852)	97
Furniture and fittings	433	(302)	131	7	–	–	(13)	–	–	–	440	(315)	125
Land:													
– Operational land	3,142	–	3,142	–	–	–	–	–	–	–	3,142	–	3,142
– Community land	2,174	–	2,174	–	–	–	–	–	–	–	2,174	–	2,174
– Crown land	778	–	778	–	–	–	–	–	–	–	778	–	778
Land improvements – depreciable	13,316	(2,247)	11,069	–	942	–	(406)	14	204	1,626	16,707	(3,258)	13,449
Infrastructure:													
– Buildings – non-specialised	8,458	(3,068)	5,390	14	124	(97)	(177)	–	–	889	9,773	(3,630)	6,143
– Buildings – specialised	31,439	(12,709)	18,730	37	1,320	–	(576)	138	–	2,969	37,917	(15,299)	22,618
– Other structures	2,359	(124)	2,235	–	27	–	(61)	–	–	249	2,649	(199)	2,450
– Roads	167,924	(54,905)	113,019	967	–	–	(3,176)	–	–	10,379	199,284	(78,095)	121,189
– Bridges	6,649	(4,234)	2,415	–	–	–	(91)	–	–	505	8,041	(5,212)	2,829
– Footpaths	4,332	(1,040)	3,292	9	–	(5)	(79)	–	–	(206)	4,608	(1,597)	3,011
– Other road assets (including bulk earthworks)	2,150	(1,041)	1,109	104	–	(22)	(233)	–	3,375	4,384	14,835	(6,118)	8,717
– Bulk earthworks (non-depreciable)	64,258	–	64,258	–	–	–	–	–	–	3,476	67,734	–	67,734
– Stormwater drainage	16,977	(6,436)	10,541	–	–	–	(119)	–	(3,497)	1,127	13,821	(5,769)	8,052
– Water supply network	19,426	(10,989)	8,437	–	11	–	(315)	–	–	464	20,550	(11,953)	8,597
– Sewerage network	27,566	(13,790)	13,776	–	40	–	(358)	–	–	769	29,185	(14,958)	14,227
– Swimming pools	2,115	(110)	2,005	–	–	–	(41)	–	–	201	2,326	(161)	2,165
– Other open space/recreational assets	1,699	(400)	1,299	–	33	–	(54)	–	(82)	171	1,835	(468)	1,367
Other assets:													
– Library books	55	(22)	33	19	–	–	(15)	–	–	–	68	(31)	37
Total infrastructure, property, plant and equipment	391,591	(120,157)	271,434	7,105	3,289	(321)	(7,024)	–	–	27,003	458,154	(156,668)	301,486

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

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

Accounting policy

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:

Asset class	Useful Life (years)	Asset class	Useful Life (years)
Plant and equipment	3-20	Bulk earthworks	∞
Office equipment	3-20	Stormwater drainage	15-200
Furniture and fittings	5-20	Water supply network	15-120
Land improvements - depreciable	58-59	Sewerage network	15-200
Buildings	6-143	Swimming pools	45-80
Other structures	10-143	Other open space / recreational assets	10-143
Roads	15-360	Other infrastructure	25-150
Bridges	80-150	Library books	4
Footpaths	10-80	Landfill and quarry assets	40
Other road assets	10-120		

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, Industry and Environment – Water.

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

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008. 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.

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

Rural Fire Service assets

Council recognises the land and buildings used by the Rural Fire Service situated within the Local Government area, however, it does not account for Rural Fire Service plant or other equipment.

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C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Water Licenses		
Opening values at 1 July		
Gross book value	2,274	1,741
Net book value – opening balance	2,274	1,741
Movements for the year		
Revaluation	21	533
Gross book value written off	(360)	–
Closing values at 30 June		
Gross book value	1,935	2,274
Total water licenses – net book value	1,935	2,274
Total intangible assets – net book value	1,935	2,274

Accounting policy

Water Licences

Council holds a number of high and general security water licences, which it recognises as an intangible asset.

The water licences are individually tradeable on the open water licence sales market.

Water licences are individually separated from the land and can be sold on a permanent or temporary transfer basis.

At present, Council only trades the water entitlement associated with the water licences on a temporary basis, with income received from the sales of water entitlements disclosed as other revenue.

No amortisation costs are applicable as high and general security water licences have an indefinite life.

Water licences purchased are initially recorded at cost and are valued at least every 5 years based on market evidence. Water licences are tested for impairment annually based on market sales evidence. If the recoverable amount is less than carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as impairment loss.

Licences have been revalued at 30 June 2023 at the water exchange market cost.

C1-9 Other

Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	48	–	40	–
Work in progress	5	–	5	–
Total other assets	53	–	45	–

Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Sewerage				
Other assets	19	–	25	19

C1-9 Other (continued)

Total sewerage	19	–	25	19
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Current other assets not anticipated to be settled within the next 12 months

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

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total externally restricted assets	19	–	25	19
Total internally restricted assets	–	–	–	–
Total unrestricted assets	34	–	20	(19)
Total other assets	53	–	45	–

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C2 Leasing activities

C2-1 Council as a lessee

Council previously held leases over office equipment. This lease expired in 20/21 and no further leases have been entered into.

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.

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.

C2-2 Council as a lessor

Operating leases

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

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

\$ '000	2023	2022
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Assets held as property, plant and equipment

Council provides operating leases on Council houses and for community groups, the table below relates to operating leases on assets disclosed in C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	175	205
Total income relating to operating leases for Council assets	175	205

Amount of IPPE leased out by Council under operating leases

Land	1,357	685
Buildings	3,374	4,720
Total amount of IPPE leased out by Council under operating leases	4,731	5,405

Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	164	143
1–2 years	139	127
2–3 years	129	116
3–4 years	97	116
4–5 years	97	105
> 5 years	89	96
Total undiscounted lease payments to be received	715	703

C2-2 Council as a lessor (continued)

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.

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C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	1,240	–	1,003	–
Accrued expenses:				
– Salaries and wages	388	–	300	–
Advances	–	–	44	–
Security bonds, deposits and retentions	60	–	26	–
Prepaid rates	95	–	101	–
Jerilderie Monash Committee Funds	158	–	206	–
Other	80	–	59	–
Total payables	2,021	–	1,739	–

Accounting policy

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

Payables

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

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C3-2 Contract Liabilities

		2023 Current	2023 Non-current	2022 Current Restated	2022 Non-current
\$ '000	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council-controlled assets)	(i)	9,666	–	10,749	–
Total contract liabilities		9,666	–	10,749	–

Notes

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

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

Contract liabilities relating to restricted assets

	2023 Current	2023 Non-current	2022 Current Restated	2022 Non-current
\$ '000				
Externally restricted assets				
Water	1,963	–	1,963	–
Unspent grants held as contract liabilities (excl. Water & Sewer)	7,703	–	8,786	–
Contract liabilities relating to externally restricted assets	9,666	–	10,749	–
Total contract liabilities relating to restricted assets	9,666	–	10,749	–
Total contract liabilities	9,666	–	10,749	–

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

\$ '000	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	3,380	3,485
Total revenue recognised that was included in the contract liability balance at the beginning of the period	3,380	3,485

Significant changes in contract liabilities

Council spent \$3,379,938 from previously held grants including \$133,153 for Local Roads & Community Infrastructure programs, \$174,323 from Stronger Country Communities programs, \$1,695,309 of Stronger Communities Fund programs, \$34,000 of Local Land Services weeds funding, \$12,859 of Heritage NSW program, \$56,937 of Public Spaces Legacy Program funding and \$96,861 for Reconnecting Regional NSW programs.

An additional \$2,133,053 was transferred to contract liabilities for grants received but remaining unspent, together with an amount of \$1,039,393 of interest earned on unexpended grants. Grant funding received includes \$1,000,000 for OLG Flood Restoration grant, \$700,000 Public Spaces funding and an additional \$388,191 for SCCF5 funded programs.

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

Financing arrangements

\$ '000	2023	2022
Total facilities		
- Credit cards/purchase cards	20	18
Total financing arrangements	20	18
Undrawn facilities		
- Credit cards/purchase cards	11	9
Total undrawn financing arrangements	11	9

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.

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C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	806	–	885	–
Long service leave	2,041	63	2,022	63
ELE on-costs	235	4	94	2
Total employee benefit provisions	3,082	67	3,001	65

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 – employee benefits	2,200	2,307
	2,200	2,307

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Asset remediation/restoration (future works)	119	225	—	—
Total provisions	119	225	—	—

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
Additional provisions	344	344
Total other provisions at end of year	344	344
2022		
Total other provisions at end of year	—	—

Nature and purpose of provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate its tips and quarries 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 – tips and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

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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
Income from continuing operations			
Rates and annual charges	5,116	470	690
User charges and fees	2,158	776	10
Interest and investment revenue	692	128	164
Other revenues	498	—	—
Grants and contributions provided for operating purposes	13,550	27	—
Grants and contributions provided for capital purposes	4,460	—	—
Other income	175	—	—
Total income from continuing operations	26,649	1,401	864
Expenses from continuing operations			
Employee benefits and on-costs	7,257	297	266
Materials and services	6,804	543	271
Borrowing costs	164	—	—
Depreciation, amortisation and impairment of non-financial assets	6,276	396	501
Other expenses	629	—	—
Net losses from the disposal of assets	1,059	15	—
Total expenses from continuing operations	22,189	1,251	1,038
Operating result from continuing operations	4,460	150	(174)
Net operating result for the year	4,460	150	(174)
Net operating result for the year before grants and contributions provided for capital purposes	—	150	(174)

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	(5,106)	4,975	3,529
Investments	32,108	497	1,136
Receivables	1,220	288	147
Inventories	1,379	28	—
Contract assets and contract cost assets	1,349	23	—
Other	34	—	19
Total current assets	30,984	5,811	4,831
Non-current assets			
Inventories	882	—	—
Infrastructure, property, plant and equipment	296,476	16,681	21,791
Intangible assets	900	1,035	—
Total non-current assets	298,258	17,716	21,791
Total assets	329,242	23,527	26,622
LIABILITIES			
Current liabilities			
Payables	2,021	—	—
Contract liabilities	7,703	1,963	—
Borrowings	—	—	—
Employee benefit provision	3,082	—	—
Provisions	119	—	—
Total current liabilities	12,925	1,963	—
Non-current liabilities			
Borrowings	—	—	—
Employee benefit provision	67	—	—
Provisions	225	—	—
Total non-current liabilities	292	—	—
Total liabilities	13,217	1,963	—
Net assets	316,025	21,564	26,622
EQUITY			
Accumulated surplus	266,066	12,043	17,475
Revaluation reserves	49,959	9,521	9,147
Total equity	316,025	21,564	26,622

D1-3 Details of internal loans

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

Details of individual internal loans	Council ID / Ref
Borrower (by purpose)	Real Estate Development
Lender (by purpose)	Sewer Fund
Date of Minister's approval	4/9/2013
Date raised	1/4/2014
Term years	10
Dates of maturity	1/4/24
Rate of interest (%)	variable
Amount originally raised (\$'000)	250

DRAFT

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

Name of entity/operation	Principal activity/type of entity	2023	2023
		(\$'000) Net profit	(\$'000) Net assets
Western Riverina Libraries ¹	Provision of library services to member local government areas	(32)	900

(1) Council holds a 14% share of equity in the Western Riverina Libraries.

DRAFT

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 the 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 s 625 of the 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 performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

The fair value of 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 the 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	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	371	301

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

(b) Credit risk

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

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

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 having significant risk exposures in its local area given the nature of Council activities.

Council makes suitable provision for doubtful receivables as required.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2023				
Gross carrying amount	–	472	69	541
2022				
Gross carrying amount	–	479	54	533

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts 0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
2023						
Gross carrying amount	97	1,885	153	29	351	2,515
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	13.00%	1.81%
ECL provision	–	–	–	–	46	46
2022						
Gross carrying amount	–	2,559	6	25	787	3,377
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	3.82%	0.89%
ECL provision	–	–	–	–	30	30

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.

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

The amounts disclosed in the table are the undiscounted contracted cash flows 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	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Contractual cash flows	Actual carrying values
2023						
Payables	60	1,960	—	—	2,020	2,021
Total financial liabilities ¹	60	1,960	—	—	2,020	2,021
2022						
Payables	26	1,508	—	—	1,534	1,739
Total financial liabilities ¹	26	1,508	—	—	1,534	1,739

(1) For comparative data, prior year payables actual carrying values have been adjusted to include pre paid rates as a result of changes to the Code of Accounting Practice in 2022.

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Intangible assets

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 Council can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability

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

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		6,108	6,477	—	—	6,108	6,477
Office equipment		145	97	—	—	145	97
Furniture & fittings		139	125	—	—	139	125
Crown land		—	—	2,253	778	2,253	778
Operational land		—	—	5,684	3,141	5,684	3,141
Community land		—	—	2,490	2,175	2,490	2,175
Land improvements – depreciable		—	—	8,463	13,449	8,463	13,449
Buildings		2,788	—	38,233	—	41,021	—
Buildings – non specialised		—	6,143	—	—	—	6,143
Buildings – specialised		—	—	—	22,618	—	22,618
Other structures		—	—	5,175	2,450	5,175	2,450
Roads		—	—	113,816	121,189	113,816	121,189
Bridges		—	—	2,772	2,829	2,772	2,829
Footpaths		—	—	2,971	3,011	2,971	3,011
Other road assets		—	—	9,198	8,717	9,198	8,717
Bulk earthworks (non depreciable)		—	—	69,013	67,734	69,013	67,734
Stormwater drainage		—	—	11,275	8,053	11,275	8,053
Water supply network		—	—	15,538	8,598	15,538	8,598
Sewerage network		—	—	21,463	14,227	21,463	14,227
Swimming pools		—	—	3,313	2,165	3,313	2,165
Other open space/recreational		—	—	6,518	1,367	6,518	1,367
Other infrastructure		—	—	1,546	—	1,546	—
Library books		30	37	—	—	30	37
Landfill and quarry assets		—	—	1,748	—	1,748	—
Total infrastructure, property, plant and equipment		9,210	12,879	321,469	282,501	330,679	295,380
Intangible assets							
Water licences		—	2,274	—	—	—	2,274
Total intangible assets		—	2,274	—	—	—	2,274

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:

Infrastructure, property, plant and equipment (IPPE)

Level 2 measurements

Plant and equipment, office equipment, furniture and fittings, and library books

Council officers undertook a re-valuation for these assets as at 30 June 2017. Subsequently, these assets have been held at depreciated historical cost, which is expected to provide a reasonable approximation of fair value.

Examples of assets within these classes are as follows:

- Plant and equipment – graders, trucks, rollers, tractors & motor vehicles
- Office equipment – computers, photocopiers, phone systems etc.
- Furniture and fittings – chairs, desks, cabinets etc.

Buildings (residential)

Building values are based on valuations provided by APV Valuers dated 1 July 2022. A market approach was used to determine the value of residential properties where the relevant inputs were able to be observed from current market evidence. The fair value of residential properties has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size.

To reflect increases to fair value as a result of higher input costs, indexation was applied to these assets to 30 June 2023. The index factor used was the ABS series 3020 PPI (non-residential building construction NSW).

Level 3 measurements

Operational, community, and crown land

Land values are based on the values provided by the NSW Valuer General for rating purposes. The latest valuations were applied based on 1 July 2022 valuations.

Land improvements, buildings, other structures, swimming pools, other open space/recreational assets, landfill and quarry assets, and other infrastructure

Values for these assets are based on valuations provided by APV Valuers dated 1 July 2022. A cost approach was used to determine the value of these assets where there was no evidence to support a market approach.

Under this approach the cost to replace the asset is calculated and then adjusted to take account of any obsolescence. The valuer disaggregated the building into different components to aid with asset management planning. The components were further split into the short-life and long-life parts representing the estimated cost of renewal and the balance of the component. The value of each part was determined based on the inter-relationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and useful life.

A number of assets were not valued by APV Valuers and, absent any reason to indicate that the fair value of these assets would differ materially from their current value, these assets were carried at their previous value from the existing asset register on 1 July 2022.

To reflect increases to fair value as a result of higher input costs, indexation was applied to these assets to 30 June 2023. The index factors used were the ABS series 3020 PPI (non-residential building construction NSW, for buildings) and ABS series 3109 (other heavy and civil engineering construction Australia, for other assets).

Roads, bridges, footpaths, bulk earthworks, and other road assets

Council's roads, footpaths, and other road assets were inspected and valued by Tonkin Consulting as at 1 July 2021, who also carried out a desktop valuation for earthworks and bridges.

A cost approach was used to determine the value of these assets where there was no evidence to support a market approach and no market for Council to use to determine the fair value of its road assets.

E2-1 Fair value measurement (continued)

A componentisation methodology was developed as part of this valuation.

To reflect increases to fair value as a result of higher input costs subsequent to the valuation date, indexation was applied to these assets to 30 June 2023. The index factors used were the ABS series 3101 (road and bridge construction NSW) and ABS series 3109 (other heavy and civil engineering construction Australia).

During the 2022-23 financial year, Council's roads were impacted by AGRN 1030 (Southern and Central West NSW Flooding from 4 August 2022 onwards) and AGRN 1034 (NSW Flooding from 14 September 2022 onwards). Hence, Council also conducted an assessment to determine whether recent natural disasters materially affected the assets' fair value.

To inform this assessment, consideration was given to the outcomes of the condition survey of Council's road network which was carried out by Shephard Services. Based on the data collected by Shephard Services and review by Transport for NSW, estimated reconstruction costs (to restore the roads to the currently accepted technical standards appropriate to their pre-disaster function) totalled \$7,696,173.68. This includes costs for grading, re-sheeting, insitu stabilisation, patch repair, resealing, and reconstruction. It is considered that this is a reasonable approximation of the reduction in fair value applicable to Council's roads.

To reflect this, the fair value of the roads asset class in Council's 2023 financial statements was adjusted by this amount.

Stormwater drainage, water supply network, and sewerage network

Values for these assets are based on valuations provided by Tonkin Consulting as at 1 July 2022.

A cost approach was used to determine the value of these assets where there was no evidence to support a market approach and no market for Council to use to determine the fair value of its road assets.

To reflect increases to fair value as a result of higher input costs subsequent to the valuation date, indexation was applied to these assets to 30 June 2023.

Water supply network and sewerage network rates are indexed each year in line with the NSW Reference Rates Manual. To reflect increases to fair value as a result of higher input costs subsequent to the valuation date, indexation was also applied to the stormwater drainage asset class to 30 June 2023; the index factor used was ABS series 3109 (other heavy and civil engineering construction Australia).

Intangible assets

Water access licences

Council values water access licences based on prices recognised in a water trading market. These were revalued at 30 June 2023.

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Crown land, operational land, and community land	Market approach. Land values obtained from the NSW Valuer-General.	Land value, land area, level of restriction.
Buildings, land improvements, other structures, swimming pools, other open space/recreational assets, landfill and quarry assets, and other infrastructure	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, split between short-life and long-life parts.
Roads, bridges, footpaths, bulk earthworks, and other road assets	Cost approach	Asset condition, remaining lives using componentisation.
Stormwater drainage, water supply network, and sewerage network	Cost approach	Asset condition, remaining lives using componentisation
Landfill and quarry assets	Cost approach	Asset condition, remaining lives, timing of expected cash outflows for remediation

E2-1 Fair value measurement (continued)

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

\$ '000	I,PP&E	
	2023	2022
Opening balance	282,502	258,279
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	34,360	26,116
Other movements		
Transfers from/(to) level 2 FV hierarchy	3,863	–
Purchases	3,167	3,490
Disposals	(1,361)	(27)
Depreciation and impairment	(6,061)	(5,508)
Transfers from/(to) WIP	4,557	152
Remediation provision	322	–
Other adjustments	120	–
Closing balance	321,469	282,502

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

\$ '000	2023	2022
Buildings previously recognised as non-specialised now valued on a cost approach basis (e.g. office and depot buildings)	3,847	–
Plant and equipment and furniture and fitting assets reclassified and now belonging to classes measured using the level 3 fair valuation hierarchy	16	–
Total	3,863	–

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$78,585.59. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$49,285.32. Council's expected contribution to the plan for the next annual reporting period is \$69,904.32.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.25%

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

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

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

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 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 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

E3-1 Contingencies (continued)

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

(iv) Other guarantees

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

2. Other

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement notices/fines

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

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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

(iii) Western Riverina Libraries

Council is a member of the Western Riverina Libraries and has a 1/5th proportion of voting power of the organisation. Council's share in the assets, liabilities and outputs of the organisation is based on the proportional population share and is considered immaterial in amount.

(iv) Rural Fire Service assets

Consistent with prior reporting periods, Council has recognised only the land and buildings used by the Rural Fire Service, situated within the Local Government area, however, it does not account for Rural Fire Service plant or other equipment.

Refer to note C1-7.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,151	1,369
Post-employment benefits	104	127
Other long-term benefits	187	438
Termination benefits	–	48
Total	1,442	1,982

Other transactions with KMP and their related parties

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

Council also incurs a number of employee expenses in respect of close family members of KMP. These employees are recruited in the same manner, and their employment is subject to the same terms and conditions, as other employees performing similar roles.

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2023					
Related Parties, which are Suppliers of Council, supplying goods and services, such as plumbing works and veterinary services, procured utilising Council's procedures & plans for procurement.	220	–	30 days payment	–	–
2022					
Related Parties, which are Suppliers of Council, supplying goods and services, such as plumbing works and veterinary services, procured utilising Council's procedures & plans for procurement.	156	–	30 days payment	–	–

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	28	26
Councillors' fees	122	105
Other Councillors' expenses (including Mayor)	47	46
Associated expenses	–	34
Total	197	211

F2 Other relationships

F2-1 Audit fees

\$ '000	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		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	45	77
Total audit fees	45	77

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	4,436	6,671
Add / (less) non-cash items:		
Depreciation and amortisation	7,173	6,453
(Gain) / loss on disposal of assets	1,074	(418)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	648	(434)
Increase / (decrease) in provision for impairment of receivables	1	–
(Increase) / decrease of inventories	406	16
(Increase) / decrease of other current assets	(8)	(2)
(Increase) / decrease of contract asset	182	(1,038)
Increase / (decrease) in payables	258	(200)
Increase / (decrease) in other accrued expenses payable	88	120
Increase / (decrease) in other liabilities	(43)	313
Increase / (decrease) in contract liabilities	(1,083)	769
Increase / (decrease) in employee benefit provision	83	(311)
Increase / (decrease) in other provisions	344	–
Net cash flows from operating activities	13,559	11,939

G2-1 Commitments

Capital commitments (exclusive of GST)

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

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

Property, plant and equipment

Buildings	–	40
Plant and equipment	1,275	671
Buildings - day care centre	–	16
Buildings - gymnasium and amenities	–	10
Other	334	130
Other Structures - Brolga Place Redevelopment	1,141	–
Total commitments	2,750	867

These expenditures are payable as follows:

Within the next year	2,750	867
Total payable	2,750	867

Sources for funding of capital commitments:

Unrestricted general funds	468	348
Future grants and contributions	1,474	197
Internally restricted reserves	808	322
Total sources of funding	2,750	867

G3 Changes from prior year statements

G3-1 Correction of errors

Nature of prior period errors

Unspent interest on grant funds

A review of grant funds identified that the Stronger Communities Fund had accrued a total of \$868,610 interest to 30 June 2022. Similarly, the Stronger Country Communities Funds was estimated to accrue a smaller liability of around \$6,694, rising to \$26,173 by 30 June 2023. This accumulated interest on unspent grant funds has previously been unrecognised in the financial statements.

In its 2023 financial statements, Council has recognised additional interest accumulated on unspent grant funds as an interest expense and the total unspent interest as part of contract liabilities.

Infrastructure, property, plant and equipment assets

It has been identified that assets controlled by Council were not previously capitalised:

Asset class	Fair value at 30 June 2022 (\$)
Stormwater drainage	2,267,009
Sewerage network	4,097,360
Water supply network	340,148
Community land	397,720
Operational land	163,810
Crown land	777,851

In addition, the following errors were identified in relation to the land controlled by Council:

- Two land assessments were duplicated in the land register since amalgamation, resulting in a total overstatement of land assets by \$217,217.51 since that time.
- One land assessment which was not appropriately apportioned when revaluation last occurred in the 2020 financial year, resulting in an overstatement of land assets by \$138,000.

G3-1 Correction of errors (continued)

- One land assessment which was included on its land register since amalgamation was found not to be controlled by Council, resulting in an overstatement of land assets by \$108,000.

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

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

For previous financial years, the error identified above has 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.

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
Infrastructure, property, plant and equipment (IPPE)	264,272	7,162	271,434
Total non-current assets	267,174	7,162	274,336
Total assets	298,356	7,162	305,518
Contract liabilities	9,125	854	9,979
Total current liabilities	13,935	854	14,789
Total liabilities	14,008	854	14,862
Net assets	284,348	6,308	290,656
Accumulated surplus	278,020	6,459	284,479
IPPE revaluation reserve	6,328	(151)	6,177
Total equity	284,348	6,308	290,656

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
Infrastructure, property, plant and equipment (IPPE)	293,908	7,581	301,489
Total assets	332,838	7,581	340,419
Contract liabilities	9,873	875	10,748
Total current liabilities	14,613	875	15,488
Total liabilities	14,678	875	15,553
Net assets	318,160	6,706	324,866
Accumulated surplus	284,851	6,299	291,150
IPPE revaluation reserve	33,309	406	33,715
Total equity	318,160	6,705	324,866

G3-1 Correction of errors (continued)

Income Statement

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Borrowing costs	—	21	21
Depreciation, amortisation and impairment of non-financial assets	6,314	138	6,452
Total expenses from continuing operations	18,540	159	18,699
Net operating result for the year	6,831	(159)	6,672

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Net operating result for the year	6,831	(159)	6,672
Gain on revaluation of IPP&E	26,448	557	27,005
Other comprehensive income	26,981	557	27,538
Total comprehensive income for the year	33,812	398	34,210

G4 Statement of developer contributions as at 30 June 2023

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S7.12 levies – under a plan	175	64	–	–	–	–	–	239	–
Total S7.11 and S7.12 revenue under plans	175	64	–	–	–	–	–	239	–
S7.4 planning agreements	311	–	–	–	–	–	–	311	–
Total contributions	486	64	–	–	–	–	–	550	–

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

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
MURRUMBIDGEE COUNCIL DEVELOPER CONTRIBUTION PLAN									
Community facilities	175	64	—	—	—	—	—	239	—
Total	175	64	—	—	—	—	—	239	—

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 20222021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,050	4.29%	0.78%	(10.86)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	24,454				
2. Own source operating revenue ratio *					
Total continuing operating revenue excluding all grants and contributions ¹	10,877	37.62%	36.20%	39.10%	> 60.00%
Total continuing operating revenue ¹	28,914				
3. Unrestricted current ratio					
Current assets less all external restrictions	17,499	5.79x	5.19x	6.04x	> 1.50x
Current liabilities less specific purpose liabilities	3,022				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,387	51.14x	315.29x	92.93x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	164				
5. Rates, annual charges, interest and extra charges outstanding percentage *					
Rates and annual charges outstanding	594	8.61%	8.87%	7.31%	< 10.00%
Rates and annual charges collectable	6,895				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	37,139	27.26 months	26.64 months	20.94 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	1,362				

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	4.84%	1.30%	10.71%	5.28%	(20.14)%	(20.83)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio *							
Total continuing operating revenue excluding capital grants and contributions ¹	32.42%	31.12%	98.07%	94.64%	100.00%	100.00%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.79x	5.19x	2.96x	2.69x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	45.82x	286.10x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage *							
Rates and annual charges outstanding	10.36%	10.65%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	21.02 months	19.99 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G4-1 above.

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

End of the audited financial statements

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Murrumbidgee Council

General Purpose Financial Statements

for the year ended 30 June 2023

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

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Murrumbidgee Council

General Purpose Financial Statements

for the year ended 30 June 2023

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

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