



Wollondilly
Shire Council

GENERAL PURPOSE
FINANCIAL
Statements

FOR THE YEAR ENDED
30 JUNE 2023

Wollondilly Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

62-64 Menangle Street
Picton NSW 2571

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

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.wollondilly.nsw.gov.au

Wollondilly Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Wollondilly Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

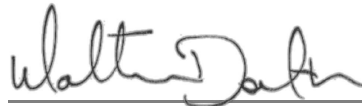
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

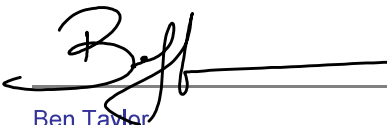
Signed in accordance with a resolution of Council made on 31 October 2023.



Matthew Gould
Mayor
31 October 2023



Matthew Deeth
Deputy Mayor
31 October 2023



Ben Taylor
Chief Executive Officer
31 October 2023



Rob Seidel
Responsible Accounting Officer
31 October 2023

Wollondilly Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		77,862	45,137
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain / (loss) on revaluation of IPP&E	C1-6	86,309	3,290
Other Movements		–	–
Total items which will not be reclassified subsequently to the operating result		86,309	3,290
Total other comprehensive income for the year		86,309	3,290
Total comprehensive income for the year attributable to Council		164,171	48,427

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

Wollondilly Shire Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	3,016	5,124
Investments	C1-2	43,050	51,885
Receivables	C1-4	10,131	12,038
Inventories	C1-5	2,288	2,255
Other	C1-7	350	1,519
Total current assets		58,835	72,821
Non-current assets			
Investments	C1-2	55,950	32,639
Infrastructure, property, plant and equipment (IPPE)	C1-6	803,611	643,407
Right of use assets	C2-1	2,194	2,148
Total non-current assets		861,755	678,194
Total assets		920,590	751,015
LIABILITIES			
Current liabilities			
Payables	C3-1	11,189	14,129
Contract liabilities	C3-2	–	546
Lease liabilities	C2-1	837	732
Borrowings	C3-3	1,577	1,570
Employee benefit provisions	C3-4	7,905	7,139
Provisions	C3-5	500	500
Total current liabilities		22,008	24,616
Non-current liabilities			
Payables	C3-1	4,318	–
Lease liabilities	C2-1	1,473	1,490
Borrowings	C3-3	4,890	3,139
Employee benefit provisions	C3-4	285	379
Provisions	C3-5	22,404	20,350
Total non-current liabilities		33,370	25,358
Total liabilities		55,378	49,974
Net assets		865,212	701,041
EQUITY			
Accumulated surplus	C4-1	554,162	476,300
IPPE revaluation reserve	C4-1	311,050	224,741
Council equity interest		865,212	701,041
Total equity		865,212	701,041

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

Wollondilly Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		476,300	224,741	701,041	431,163	221,451	652,614
Restated opening balance		476,300	224,741	701,041	431,163	221,451	652,614
Net operating result for the year		77,862	–	77,862	45,137	–	45,137
Restated net operating result for the period		77,862	–	77,862	45,137	–	45,137
Other comprehensive income							
– Gain / (loss) on revaluation of IPP&E	C1-6	–	86,309	86,309	–	3,290	3,290
Other comprehensive income		–	86,309	86,309	–	3,290	3,290
Total comprehensive income		77,862	86,309	164,171	45,137	3,290	48,427
Closing balance at 30 June		554,162	311,050	865,212	476,300	224,741	701,041

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

Wollondilly Shire 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:				
52,958	Rates and annual charges		54,260	51,716
10,154	User charges and fees		8,688	7,233
1,263	Interest received		3,724	833
50,729	Grants and contributions		64,943	50,973
–	Bonds, deposits and retentions received		4,432	115
1,307	Other		13,827	3,873
Payments:				
(30,782)	Payments to employees		(34,898)	(31,442)
(25,855)	Payments for materials and services		(47,680)	(35,284)
(412)	Borrowing costs		(263)	(23)
(4,777)	Other		(846)	(4,091)
54,585	Net cash flows from operating activities	G1-1	66,187	43,903
Cash flows from investing activities				
Receipts:				
56,000	Sale of investments		56,000	120,500
–	Proceeds from sale of IPPE		189	117
Payments:				
(69,537)	Purchase of investments		(70,810)	(143,202)
–	Acquisition of term deposits		436	2,809
(45,827)	Payments for IPPE		(55,031)	(27,089)
(59,364)	Net cash flows from investing activities		(69,216)	(46,865)
Cash flows from financing activities				
Receipts:				
3,364	Proceeds from borrowings		3,364	–
Payments:				
(1,673)	Repayment of borrowings		(1,606)	(1,544)
(732)	Principal component of lease payments		(837)	(984)
959	Net cash flows from financing activities		921	(2,528)
(3,820)	Net change in cash and cash equivalents		(2,108)	(5,490)
5,124	Cash and cash equivalents at beginning of year		5,124	10,614
1,304	Cash and cash equivalents at end of year	C1-1	3,016	5,124
70,987	plus: Investments on hand at end of year	C1-2	99,000	84,524
72,291	Total cash, cash equivalents and investments		102,016	89,648

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

Wollondilly Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

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

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

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

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

Council is a not for-profit entity.

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

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

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) tip remediation provisions – refer Note C3-5
- (iii) employee benefit 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.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

The Consolidated Fund has been included in the Council's Financial Statements.

Due to their immaterial value and nature, Council's Management Committees have been excluded from this consolidation.

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.

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 receives the benefit of volunteer services across various parts of its service delivery, including the Community Nursery and library service. No adjustment has been included within the financial statements to reflect these services as they are not considered to be material in financial value and may not be reliably measured.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting periods.

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.

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Sustainable and Balanced Growth	4,859	15,691	7,993	11,838	(3,134)	3,853	–	–	1,710	1,400
Management & Provision of Infrastructure	96,992	53,222	59,614	52,199	37,378	1,023	13,296	9,226	769,151	629,935
Caring for the Environment	12,547	12,252	12,966	11,181	(419)	1,071	3,174	2,577	9,612	7,872
Looking after the Community	1,571	1,527	3,936	4,107	(2,365)	(2,580)	752	522	2,665	2,181
Efficient and Effective Council	2,447	1,547	11,859	5,040	(9,412)	(3,493)	444	–	137,002	109,626
General Purpose	55,814	46,989	–	1,726	55,814	45,263	87,064	57,057	450	1
Total functions and activities	174,230	131,228	96,368	86,091	77,862	45,137	104,730	69,382	920,590	751,015

B1-2 Components of functions or activities

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

Sustainable and Balanced Growth

Outcomes/Objectives:

1. A built environment that supports liveable communities, respects the character, setting and heritage of our towns and villages and retains the vision of Rural Living.
2. A unique environment and rural landscape balanced with managed growth that is consistent with Council's position on Growth and vision of Rural Living.
3. A strong local economy providing employment and other opportunities.
4. Expansion of employment and other opportunities based on the Shire's natural assets, strong agricultural base and tourism potential.
5. A strong and viable agricultural sector supported by the protection and preservation of agricultural assets and resources.

Management & Provision of Infrastructure

Outcomes/Objectives:

1. Infrastructure that is safe, accessible and fit for purpose.
2. Infrastructure that is sustainably maintained.
3. Infrastructure that delivers upon the expectations and needs of our growing community.

Caring for the Environment

Outcomes/Objectives:

1. An environment that is valued, preserved and protected, with new planning and development proposals supporting these values.
2. A community that is engaged with and cares about their environment.

Looking after the Community

Outcomes/Objectives:

1. Access to a range of activities, services and facilities.
2. Communities that are engaged, cohesive, included, and have a sense of belonging.
3. Communities that are healthy, happy and feel safe.

Efficient and Effective Council

Outcomes/Objectives:

1. Government, community and business talking and working together.
2. A Council that demonstrates good business management and ethical conduct.
3. A Council that is viewed by the community as transparent, accountable and responsive to their concerns.

General Purpose

Includes:

1. Rates and annual charges
2. Non-Capital general purpose grants and contributions
3. Interest on investments and overdue rates and charges
4. General administrative expenses

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	39,106	37,573
Farmland	962	1,073
Mining	1,792	1,749
Business	2,055	1,931
Less: pensioner rebates (mandatory)	(336)	(334)
Less: pensioner rebates (Council policy)	(388)	(383)
Rates levied to ratepayers	43,191	41,609
Pensioner rate subsidies received	253	259
Total ordinary rates	43,444	41,868
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	10,559	10,106
Stormwater management services	323	316
Waste management services (non-domestic)	219	204
Section 611 charges	14	14
Less: pensioner rebates (Council policy)	(721)	(675)
Annual charges levied	10,394	9,965
Pensioner annual charges subsidies received:		
– Domestic waste management	77	77
Total annual charges	10,471	10,042
Total rates and annual charges	53,915	51,910

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	3,234	2,679
Section 10.7 certificates (EP&A Act)	2	291	221
Section 603 certificates	2	108	119
Other	2	298	196
Animal registration fees	2	269	182
Rezoning fees	2	439	192
Septic tank fees	2	405	217
Total fees and charges – statutory/regulatory		5,044	3,806
(ii) Fees and charges – other (incl. general user charges (per s608))			
Cemeteries	2	145	84
Leaseback fees – Council vehicles	2	494	425
Leisure centre	2	6	30
Restoration charges	2	165	108
Waste disposal tipping fees	2	974	1,122
Children services	2	360	334
Development management	2	6	580
Plan checking fees	2	794	808
Royalties	2	148	69
Other	2	316	266
Total fees and charges – other		3,408	3,826
Total other user charges and fees		8,452	7,632
Total user charges and fees		8,452	7,632
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		8,452	7,632
Total user charges and fees		8,452	7,632

Accounting policy

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

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

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

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Fines	2	444	333
Legal fees recovery – rates and charges (extra charges)	2	88	1
Legal fees recovery – other	2	28	40
Commissions and agency fees	2	33	35
Diesel rebate	2	23	41
Insurance claims recoveries	2	268	–
Sales – general	2	30	26
Insurance premium rebate	2	97	90
Reimbursements	2	1,051	318
Other	2	269	226
Community Facility Hire		855	768
Total other revenue		3,186	1,878

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)		1,878
Total other revenue		3,186

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	2	1,120	2,020	–	–
Payment in advance - future year allocation					
Financial assistance	2	4,518	3,106	–	–
Amount recognised as income during current year		5,638	5,126	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Bushfire and emergency services	1	1,074	3,819	3,039	1,651
Library	2	223	201	–	403
LIRS subsidy	2	25	79	–	–
NSW rural fire services		–	–	3,743	–
Recreation and culture	2	714	281	12,694	11,044
Community services	2	592	557	1,000	–
Environmental management	2	335	645	–	–
Street lighting	2	89	174	–	–
Transport (roads to recovery)	2	–	–	117	920
Transport (other roads and bridges funding)	2	9,558	17	8,822	5,516
Other specific grants	2	–	10	–	–
Previously contributions:					
Bushfire services	2	371	440	1,240	503
Community services	2	–	21	–	–
Recreation and culture	2	–	6	–	110
Transport for NSW contributions (regional roads, block grant)	2	2,000	2,024	884	2,080
Other contributions	2	–	152	–	–
Environmental management	2	1	30	–	–
Total special purpose grants and non-developer contributions – cash		14,982	8,456	31,539	22,227
Total special purpose grants and non-developer contributions (tied)		14,982	8,456	31,539	22,227
Total grants and non-developer contributions		20,620	13,582	31,539	22,227
Comprising:					
– Commonwealth funding		5,971	5,314	11,426	6,615
– State funding		14,518	7,848	15,370	15,411
– Other funding		131	420	4,743	201
		20,620	13,582	31,539	22,227

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	F3					
Cash contributions						
S 7.4 – contributions using planning agreements		2	502	315	4,843	1,950
S 7.11 – contributions towards amenities/services		2	223	355	8,173	8,077
S 7.12 – fixed development consent levies		2	–	–	–	33
Total developer contributions – cash			725	670	13,016	10,060
Non-cash contributions						
Other developer contributions		2	–	–	38,830	22,843
Total developer contributions non-cash			–	–	38,830	22,843
Total developer contributions			725	670	51,846	32,903
Total contributions			725	670	51,846	32,903
Total grants and contributions			21,345	14,252	83,385	55,130
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			21,345	14,252	83,385	55,130
Total grants and contributions			21,345	14,252	83,385	55,130

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	6,079	4,995	8,674	2,080
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	6,633	4,820	4,880	7,312
Add: Funds received and not recognised as revenue in the current year	-	-	-	-
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(5,344)	(3,736)	(6,135)	(718)
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	-	-	-
Unspent funds at 30 June	7,368	6,079	7,419	8,674
Contributions				
Unspent funds at 1 July	55,162	46,396	-	-
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	15,700	11,164	-	-
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(4,761)	(2,398)	-	-
Unspent contributions at 30 June	66,101	55,162	-	-

Accounting policy

Grant and contributions - enforceable agreement with sufficiently specific performance obligations

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

The performance obligations are varied based on the agreement but include events, construction of council owned assets, crown land management plans and planning reviews. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant income

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

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

B2-4 Grants and contributions (continued)

Capital grants

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

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

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

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 the 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 standards.

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)	271	276
– Cash and investments	3,510	643
Finance income on the net investment in the lease	–	–
Movement in Investments at FV through P&L (CivicRisk)	64	9
Total interest and investment income (losses)	3,845	928
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	271	276
General Council cash and investments	1,082	11
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	1,957	436
Domestic waste management operations	260	81
Restricted investments/funds – internal:		
Internally restricted assets	275	124
Total interest and investment income	3,845	928

Accounting policy

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

B2-6 Other income

\$ '000	2023	2022
Fair value increment on investments		
Fair value increment on investments (other) ¹	102	(502)
Total Fair value increment on investments	102	(502)
Total other income	102	(502)

(1) This represents the mark to market adjustment on Council's investments including bonds and FRNs

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	31,687	27,251
Travel expenses	1	–
Employee leave entitlements (ELE)	610	523
Superannuation	3,152	2,716
Workers' compensation insurance	480	500
Fringe benefit tax (FBT)	137	106
Training costs (other than salaries and wages)	331	243
Employment advertising	227	311
Other	13	26
Total employee costs	36,638	31,676
Less: capitalised costs	(1,122)	(886)
Total employee costs expensed	35,516	30,790
Number of 'full-time equivalent' employees (FTE) at year end	303	279

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		18,551	12,944
– Environmental services		2,529	3,660
– General maintenance		12,695	9,376
– Leisure centre management		1,228	710
– Planning and development consultants		564	328
– Planning and development contractors/labour hire		457	935
– Road maintenance and construction		20,255	7,557
– Street and gutter cleaning contract		225	148
– Waste contractors		8,880	7,839
- Building construction services		11,723	7,268
- Technological services		808	349
- Investment and financial advisory services		137	115
– Other		1	4
Audit Fees	E2-1	341	137
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	E1-2	376	238
Advertising		118	107
Bank charges		70	77
Computer software charges		1,155	1,128
Election expenses		–	305
Electricity and heating		538	466
Insurance		454	356
Office expenses (including computer expenses)		24	87
Postage		179	133
Street lighting		669	669
Telephone and communications		410	404
Valuation fees		143	134
Agency charges		93	92
Photocopier charges		93	96
Vehicle registration / insurance		85	87
Water charges		156	108
Short Term Lease Payments		–	–
Other expenses		737	414
Legal expenses:			
– Legal expenses: planning and development		1,653	1,597
– Legal expenses: other		359	168
Total materials and services		85,706	58,036
Less: capitalised costs		(50,307)	(25,286)
Total materials and services		35,399	32,750

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on loans		318	392
Total interest bearing liability costs		318	392
Total interest bearing liability costs expensed		318	392
(ii) Other borrowing costs			
Amortisation of discounts and premiums			
– Remediation liabilities	C3-5	2,093	(240)
Total other borrowing costs		2,093	(240)
Total borrowing costs expensed		2,411	152

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
Depreciation and amortisation			
Plant and equipment		604	509
Office equipment		35	34
Furniture and fittings		53	84
RFS Red Fleet Assets		593	–
Infrastructure:	C1-6		
– Buildings		3,413	1,838
– Roads		9,267	8,056
– Bridges		833	818
– Footpaths		448	389
– Other road assets		2,159	1,965
– Stormwater drainage		842	650
– Swimming pools		59	59
– Other open space/recreational assets		1,446	1,382
Right of use assets	C2-1	879	955
Other assets		18	18
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-6	(1,526)	1,221
Total gross depreciation and amortisation costs		19,123	17,978
Total depreciation and amortisation costs		19,123	17,978
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-6		
– Roads		–	552
Total gross IPPE impairment / revaluation decrement costs		–	552
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	552
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR IPP&E		19,123	18,530

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 no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Other		2	24
Total impairment of receivables	C1-4	2	24
Other			
Contributions/levies to other levels of government			
– Department of planning levy		57	56
– Emergency services levy (includes FRNSW, SES, and RFS levies)		1,096	798
– Section 88 waste and environment levy		943	754
Donations, contributions and assistance to other organisations (Section 356)		288	177
Total other		2,384	1,785
Total other expenses		2,386	1,809

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	C1-6		
Proceeds from disposal – plant and equipment		189	117
Less: carrying amount of plant and equipment assets sold/written off		(56)	–
Gain (or loss) on disposal		<u>133</u>	<u>117</u>
Gain (or loss) on disposal of infrastructure	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(1,666)	(2,177)
Gain (or loss) on disposal		<u>(1,666)</u>	<u>(2,177)</u>
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		56,000	120,500
Less: carrying amount of investments sold/redeemed/matured		(56,000)	(120,500)
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		–	–
Less: carrying amount of term deposits sold/redeemed/matured		–	–
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Net gain (or loss) from disposal of assets		<u>(1,533)</u>	<u>(2,060)</u>

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.

Gains and losses on disposals of infrastructure assets are not traditional disposals. Rather they are the portion of asset that is written off before being re-constructed.

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Other revenues	1,307	3,186	1,879	144% F
Operating grants and contributions	9,546	21,345	11,799	124% F
This variance is almost wholly as a result of the receipt of \$9.5M in grant funds for pothole and heavy patching repair (RLRRP).				
Capital grants and contributions	41,183	83,385	42,202	102% F
Council receives significant contributions (Cash and Non-Cash) as a result of the housing development taking place within the Shire, \$51.8M was received during the year which was significantly higher than budget.				
Other income	-	102	102	∞ F
Expenses				
Borrowing costs	412	2,411	(1,999)	(485)% U
As a result of the review of the tip remediation provision a portion (\$2.1M) of the increased value of the provision was recognised as a borrowing cost during the year.				
Net losses from disposal of assets	-	1,533	(1,533)	∞ U
Statement of cash flows				
Cash flows from operating activities	54,585	66,187	11,602	21% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	3,016	5,124
Total cash and cash equivalents	3,016	5,124

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	3,016	5,124
Balance as per the Statement of Cash Flows	3,016	5,124

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
Financial assets at fair value through the profit and loss				
Civic Risk Mutual	-	73	-	9
Total	-	73	-	9
Debt securities at amortised cost				
Long term deposits	39,081	10,860	49,127	1,250
NCD's, FRN's (with maturities > 3 months)	2,214	36,997	2,758	28,653
Mortgage backed securities	-	945	-	978
Listed equity securities	1,755	7,075	-	1,749
Total	43,050	55,877	51,885	32,630
Total financial investments	43,050	55,950	51,885	32,639
Total cash assets, cash equivalents and investments	46,066	55,950	57,009	32,639

C1-2 Financial investments (continued)

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 or loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

Interest income, impairment and gains or loss on derecognition are recognised in profit or loss.

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRNS and NCDS and interest in CivicRisk Mutual in the Statement of Financial Position.

Council is a member of CRML (CivicRisk Mutual Limited), which is a local government-controlled company limited by guarantee. CRML provides a discretionary mutual cover to its members for liability, property, motor and other risks.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	102,016	89,648
Cash, cash equivalents and investments not subject to external restrictions	12,534	10,700
External restrictions	(89,482)	(78,948)
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	(1)	(2)
External restrictions – included in liabilities	(1)	(2)
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	66,101	55,165
Specific purpose unexpended grants (recognised as revenue) – general fund	14,788	14,755
Stormwater management	370	490
Domestic waste management	8,224	8,540
External restrictions – other	89,483	78,950
Total external restrictions	89,482	78,948

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

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	12,534	10,700
Unrestricted and unallocated cash, cash equivalents and investments	1,794	1,646
Internal restrictions	(10,740)	(9,054)
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	2,026	2,010
Effluent disposal	625	445
Election	245	195
Growth management strategy	137	204
Information technology	99	99
Infrastructure and asset maintenance	3,684	1,600
Organisational development	–	181
Plant and vehicle replacement	1,462	1,266
Property	270	741
Recreation	328	328
Legal & Risk management	635	664
Roads	259	328
Sportsgrounds	322	322
Swimming pool	455	455
Tourism and economic development	193	193
Strategic Planning	–	23
Total internal allocations	10,740	9,054

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

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	1,794	1,646

C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	2,651	–	2,996	–
Interest and extra charges	736	–	615	–
User charges and fees	1,059	–	994	–
Government grants and subsidies	3,498	–	2,943	–
Net GST receivable	725	–	772	–
Other debtors	3	–	–	–
Accrued Revenues	1,503	–	3,764	–
Total	10,175	–	12,084	–
Less: provision for impairment				
User charges and fees	(44)	–	(46)	–
Total provision for impairment – receivables	(44)	–	(46)	–
Total net receivables	10,131	–	12,038	–
Externally restricted receivables				
Domestic waste management	1,066	–	1,071	–
Stormwater management	35	–	36	–
Total external restrictions	1,101	–	1,107	–
Unrestricted receivables	9,030	–	10,931	–
Total net receivables	10,131	–	12,038	–

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	46	26
– amounts already provided for and written off this year	(2)	20
Balance at the end of the year	44	46

C1-4 Receivables (continued)

Accounting policy

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

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

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

Impairment

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	2,244	-	2,178	-
Total inventories at cost	2,244	-	2,178	-
(ii) Inventories at net realisable value (NRV)				
Trading stock	44	-	77	-
Total inventories at net realisable value (NRV)	44	-	77	-
Total inventories	2,288	-	2,255	-

Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Other				
RFS stores and materials	1,997	-	1,995	-
Total other	1,997	-	1,995	-
Total externally restricted assets	1,997	-	1,995	-
Total internally restricted assets	-	-	-	-
Total unrestricted assets	291	-	260	-
Total inventories	2,288	-	2,255	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 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	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress ²	13,689	–	13,689	–	31,074	–	–	(3,683)	–	41,080	–	41,080
Plant and equipment	14,032	(10,469)	3,563	–	271	(29)	(604)	–	–	13,897	(10,696)	3,201
Office equipment	4,029	(3,910)	119	–	–	–	(35)	–	–	4,029	(3,945)	84
Furniture and fittings	1,184	(947)	237	–	–	–	(53)	–	–	1,183	(999)	184
RFS Red Fleet Assets	–	–	–	3,743	–	–	(593)	–	–	5,149	(1,999)	3,150
Land:												
– Operational land	27,579	–	27,579	–	677	–	–	–	10,373	38,629	–	38,629
– Community land	43,741	–	43,741	–	3,470	–	–	–	–	47,211	–	47,211
Infrastructure:												
– Buildings	101,206	(55,198)	46,008	544	–	–	(3,413)	947	3,635	117,530	(69,809)	47,721
– Buildings – non-specialised	–	–	–	–	–	–	–	–	–	–	–	–
– Buildings – specialised	–	–	–	–	–	–	–	–	–	–	–	–
– Roads	379,621	(137,250)	242,371	14,896	10,678	(1,361)	(9,267)	1,285	37,671	465,880	(169,607)	296,273
– Bridges	68,721	(35,112)	33,609	–	–	(82)	(833)	315	5,356	80,346	(41,981)	38,365
– Footpaths	31,892	(10,584)	21,308	1,120	4,538	(44)	(448)	304	4,201	43,901	(12,922)	30,979
– Other road assets (including bulk earthworks)	92,364	(41,491)	50,873	1,035	4,892	(72)	(2,159)	109	8,689	114,471	(51,104)	63,367
– Bulk earthworks (non-depreciable)	61,211	–	61,211	246	502	(20)	–	–	10,484	72,423	–	72,423
– Stormwater drainage	78,040	(14,782)	63,258	238	14,441	(9)	(842)	458	5,900	100,269	(16,825)	83,444
– Swimming pools	2,838	(1,194)	1,644	–	–	–	(59)	–	–	2,837	(1,252)	1,585
– Other open space/recreational assets	50,249	(16,407)	33,842	1,209	307	(78)	(1,446)	218	–	51,828	(17,776)	34,052
Other assets:												
– Library books	1,025	(1,025)	–	–	–	–	–	–	–	1,025	(1,025)	–
– Other	764	(409)	355	–	–	–	(18)	–	–	764	(427)	337
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Tip assets	20,792	(20,792)	–	–	–	–	1,526	–	–	20,792	(19,266)	1,526
Total infrastructure, property, plant and equipment	992,977	(349,570)	643,407	23,031	70,850	(1,695)	(18,244)	(47)	86,309	1,223,244	(419,633)	803,611

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	7,348	–	7,348	–	11,438	–	–	–	(5,097)	–	13,689	–	13,689
Plant and equipment	12,993	(9,966)	3,027	1,045	–	–	(509)	–	–	–	14,032	(10,469)	3,563
Office equipment	4,014	(3,876)	138	15	–	–	(34)	–	–	–	4,029	(3,910)	119
Furniture and fittings	1,184	(863)	321	–	–	–	(84)	–	–	–	1,184	(947)	237
Land:													
– Operational land	26,748	–	26,748	786	–	–	–	–	45	–	27,579	–	27,579
– Community land	43,711	–	43,711	–	30	–	–	–	–	–	43,741	–	43,741
Infrastructure:													
– Buildings	–	–	–	–	–	–	(1,838)	–	–	–	101,206	(55,198)	46,008
– Buildings – non-specialised	34,933	(18,855)	16,078	123	–	–	–	–	–	–	–	–	–
– Buildings – specialised	62,687	(34,675)	28,012	1,747	–	(174)	–	–	2,060	–	–	–	–
– Roads	367,482	(131,112)	236,370	7,310	6,267	(1,771)	(8,056)	(552)	2,803	–	379,621	(137,250)	242,371
– Bridges	68,700	(34,299)	34,401	29	–	(3)	(818)	–	–	–	68,721	(35,112)	33,609
– Footpaths	29,516	(10,299)	19,217	410	1,928	(44)	(389)	–	186	–	31,892	(10,584)	21,308
– Other road assets (including bulk earthworks)	87,575	(39,660)	47,915	2,204	2,825	(109)	(1,965)	–	3	–	92,364	(41,491)	50,873
– Bulk earthworks (non-depreciable)	60,542	–	60,542	401	320	(52)	–	–	–	–	61,211	–	61,211
– Stormwater drainage	62,055	(13,214)	48,841	329	11,473	(25)	(650)	–	–	3,290	78,040	(14,782)	63,258
– Swimming pools	2,838	(1,135)	1,703	–	–	–	(59)	–	–	–	2,838	(1,194)	1,644
– Other open space/recreational assets	48,994	(15,024)	33,970	1,254	–	–	(1,382)	–	–	–	50,249	(16,407)	33,842
Other assets:													
– Library books	1,025	(1,025)	–	–	–	–	–	–	–	–	1,025	(1,025)	–
– Other	763	(390)	373	–	–	–	(18)	–	–	–	764	(409)	355
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	20,792	(19,570)	1,222	–	–	–	(1,221)	–	–	–	20,792	(20,792)	–
Total infrastructure, property, plant and equipment	943,900	(333,963)	609,937	15,653	34,281	(2,178)	(17,023)	(552)	–	3,290	992,977	(349,570)	643,407

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

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

Accounting policy

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 are acquired by Council for nil or nominal consideration, 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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and Equipment		Infrastructure (cont...)	
- Vehicles	5 to 8 years	- Swimming pools	50 years
- Heavy plant/road making equip.	5 to 8 years	- Other open space/recreational assets	
- Other plant and equipment	5 to 15 years	Playground equipment	5-15 years
Office equipment		Tennis courts	
- Computer equipment	5 years	- Concrete	50 years
- Other office equipment	5 to 10 years	- Synthetic	10 years
Furniture and fittings	10 to 20 years	Outdoor furniture	10 years
		Shelters	20 years
Buildings		Sporting equip (goal posts, etc)	20-30 years
- Buildings: masonry	50 to 100 years	Floodlighting	10 years
- Buildings: other	20 to 40 years	BBQ's	20 years
Infrastructure		- Traffic facilities	
- Sealed surfacings		LATM devices, traffic islands	70 years
Asphalt	25 years	Steel guard rails	20 years
Flush Seal	15 years	Roadside fencing	20 years
- Sealed pavement structure	80 years	- Line marking	5 years
- Kerb and gutter	70 years	- Signs	10 years
- Paved footpaths		- Roadside furniture	10-20 years
Concrete	50 years	Stormwater drainage	
Asphalt seal	20 years	- Culverts	
Gravel	10 years	Major	100 years
- Unsealed pavement structure	10 years	Steel	50 years
- Bulk earthworks	Infinite	- Pipes	150 years
- Concrete bridges	100 years	- Pits	70 years
- Timber bridges	80 years	- Structures including headwalls	70 years
Structure and girders	60 years	- Detention basins	100 years
Deck	30 years	- Gross pollutant traps	60 years

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

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

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 reserves to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

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

The recognition of the "Red Fleet" within the Financial Statements of the Local Government sector is an ongoing issue. These Rural Fire Service assets are now recognised as assets of the Council within these Financial Statements.

C1-7 Other

Other assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Prepayments	350	–	242	–
Other	–	–	1,277	–
Total other assets	350	–	1,519	–

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	2023	2022	2022
	Current	Non-current	Current	Non-current
Total externally restricted assets	–	–	–	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	350	–	1,519	–
Total other assets	350	–	1,519	–

C2 Leasing activities

C2-1 Council as a lessee

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

Terms and conditions of leases

Motor Vehicles Leases have term of between 3 and 5 years

Land & Building Leases typically have a term of 3 years

IT equipment Leases have a term of 4 to 5 years

Buildings

Council leases land and buildings for the Rural Fire Service; the lease is generally between 3 and 4 years and includes a renewal option to allow Council to renew every 3 years.

The building leases contains an annual pricing mechanism based on a fixed increases every year at each anniversary date of the lease inception.

Vehicles

Council leases vehicles and equipment with lease terms varying from 3 to 5 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 4 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

Extension options

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

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

(a) Right of use assets

\$ '000	Plant & Equipment	Total
2023		
Opening balance at 1 July	2,148	2,148
Additions to right-of-use assets	860	860
Adjustments to right-of-use assets due to re-measurement of lease liability	65	65
Depreciation charge	(879)	(879)
Balance at 30 June	2,194	2,194
2022		
Opening balance at 1 July	2,480	2,480
Additions to right-of-use assets	605	605
Adjustments to right-of-use assets due to re-measurement of lease liability	18	18
Depreciation charge	(955)	(955)
Balance at 30 June	2,148	2,148

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Lease liabilities	837	1,473	732	1,490
Total lease liabilities	837	1,473	732	1,490

(c) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per
					Statement of
					Financial
					Position
2023					
Cash flows	837	1,473	–	2,310	2,310
2022					
Cash flows	732	1,490	–	2,222	2,222

(d) Income Statement

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

\$ '000	2023	2022
	Interest on lease liabilities	127
Depreciation of right of use assets	879	955
	1,006	1,044

(e) Statement of Cash Flows

Total cash outflow for leases	1,007	1,092
	1,007	1,092

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

Accounting policy

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

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

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

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

C2-1 Council as a lessee (continued)

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services	5,195	–	8,730	–
Accrued expenses:				
– Borrowings	38	–	22	–
– Other expenditure accruals	2,116	–	1,787	–
Security bonds, deposits and retentions	2,418	4,318	2,304	–
Other	1,422	–	1,286	–
Total payables	11,189	4,318	14,129	–

Payables relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total payables relating to unrestricted assets	11,189	4,318	14,129	–
Total payables	11,189	4,318	14,129	–

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

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

C3-1 Payables (continued)

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	-	-	467	-
User fees and charges received in advance:					
Fees received in advance of services provided	(iii)	-	-	79	-
Total payments received in advance		-	-	546	-
Total contract liabilities		-	-	546	-

Notes

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

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

(iii) User fees and charges invoiced or paid in advance for services to be provided in a future accounting period, where the funds are refundable should the service not be provided.

Contract liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	-	-	(2)	-
Contract liabilities relating to externally restricted assets	-	-	(2)	-
Total contract liabilities relating to restricted assets	-	-	(2)	-
Total contract liabilities relating to unrestricted assets	-	-	548	-
Total contract liabilities	-	-	546	-

C3-2 Contract Liabilities (continued)

Significant changes in contract liabilities

There have been no significant changes in contract liabilities

Accounting policy

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

C3-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured ¹	1,577	4,890	1,570	3,139
Total borrowings	1,577	4,890	1,570	3,139

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 19.

Borrowings relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total borrowings relating to unrestricted assets	1,577	4,890	1,570	3,139
Total borrowings	1,577	4,890	1,570	3,139

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	4,709	1,758	–	–	–	–	6,467
Lease liability (Note C2-1b)	2,222	88	–	–	–	–	2,310
Total liabilities from financing activities	6,931	1,846	–	–	–	–	8,777

	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	6,253	(1,544)	–	–	–	–	4,709
Lease liability (Note C2-1b)	2,583	(361)	–	–	–	–	2,222
Total liabilities from financing activities	8,836	(1,905)	–	–	–	–	6,931

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	300	300
Credit cards/purchase cards	100	100
Bank Guarantee	2,000	1,000
Total financing arrangements	2,400	1,400
Drawn facilities		
– Credit cards/purchase cards	42	33
Bank Guarantee	40	40
Total drawn financing arrangements	82	73
Undrawn facilities		
– Bank overdraft facilities	300	300
– Credit cards/purchase cards	58	67
Bank Guarantee	1,960	960
Total undrawn financing arrangements	2,318	1,327

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	2,917	–	2,729	–
Sick leave	132	–	129	–
Long service leave	4,806	285	4,226	379
Time in lieu	50	–	55	–
Total employee benefit provisions	7,905	285	7,139	379

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	5,335	5,274
	5,335	5,274

Description of and movements in provisions

\$ '000	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	Other	Other employee benefits	
2023						
At beginning of year	2,729	129	4,605	–	55	7,518
Amounts used (payments)	(1,833)	(132)	(1,602)	(36)	–	(3,603)
Other	2,021	135	2,088	36	(5)	4,275
Total ELE provisions at end of year	2,917	132	5,091	–	50	8,190
2022						
At beginning of year	2,483	134	5,339	66	–	8,022
Amounts used (payments)	(1,462)	(12)	(1,282)	(41)	–	(2,797)
Other	1,708	7	548	(25)	55	2,293
Total ELE provisions at end of year	2,729	129	4,605	–	55	7,518

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.

The discount rate used to calculate the provision has increased significantly since 2021.

Short-term obligations

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

Other long-term employee benefit obligations

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

C3-4 Employee benefit provisions (continued)

On-costs

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

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

C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	500	22,404	500	20,350
Sub-total – asset remediation/restoration	500	22,404	500	20,350
Total provisions	500	22,404	500	20,350
Provisions relating to restricted assets				
Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	500	22,404	500	20,350
Total provisions	500	22,404	500	20,350

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

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

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	20,850	20,850
Unwinding of discount	2,132	2,132
Amounts used (payments)	(39)	(39)
Other	(39)	(39)
Total other provisions at end of year	22,904	22,904
2022		
At beginning of year	21,267	21,267
Unwinding of discount	138	138
Amounts used (payments)	(177)	(177)
Remeasurement effects	(201)	(201)
Other	(177)	(177)
Total other provisions at end of year	20,850	20,850

Nature and purpose of provisions

Asset remediation

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

C3-5 Provisions (continued)

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

Opening Balance 30.06.2022		\$ 224,741
Stormwater Indexation 22/23	5,900	
Roads Indexation 22/23	37,671	
Bulk Earthworks Indexation 22/23	10,484	
Bridges Indexation 22/23	5,356	
Footpath Indexation 22/23	4,201	
Other Roads Indexation 22/23	8,689	
Operational Land Reval 22/23	10,373	
Buildings Revaluation 22/23	3,635	86,309
Closing Balance 30.06.2023		\$ 311,050

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	3,016	5,124	3,252	5,124
Receivables	10,131	12,038	9,445	12,038
Investments				
– Debt securities at amortised cost	98,927	84,515	98,927	84,515
Fair value through profit and loss				
Investments				
– Held for trading	73	9	73	9
Total financial assets	112,147	101,686	111,697	101,686
Financial liabilities				
Payables	15,507	14,129	19,481	14,129
Loans/advances	6,467	4,709	6,467	4,709
Total financial liabilities	21,974	18,838	25,948	18,838

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

D1-1 Risks relating to financial instruments held (continued)

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

(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	1,016	900
Impact of a 10% movement in price of investments		
– Equity / Income Statement	4,937	3,488

D1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges				Total
		< 5 years	1 - 2 years	2 - 5 years	≥ 5 years	
2023						
Gross carrying amount	–	407	1,168	868	208	2,651
2022						
Gross carrying amount	–	2,903	–	–	93	2,996

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				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	2,649	2,367	1,550	68	890	7,524
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2022						
Gross carrying amount	5,107	3,238	115	448	180	9,088
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

D1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2023							
Payables	0.00%	6,736	12,745	–	–	19,481	15,507
Borrowings	6.04%	–	1,924	3,103	3,225	8,252	6,467
Lease liabilities	0.00%	–	945	1,578	–	2,523	–
Total financial liabilities		6,736	15,614	4,681	3,225	30,256	21,974
2022							
Payables	0.00%	2,304	10,660	–	–	12,964	14,129
Borrowings	0.00%	–	1,908	3,154	443	5,505	4,709
Lease liabilities	0.00%	813	1,573	–	–	2,386	–
Total financial liabilities		3,117	14,141	3,154	443	20,855	18,838

D2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Plant and equipment		30/06/23	30/06/22	–	–	3,201	3,563	3,201	3,563
Office equipment		30/06/23	30/06/22	–	–	84	119	84	119
Furniture and fittings		30/06/23	30/06/22	–	–	184	237	184	237
Operational land		30/06/23	30/06/18	–	–	38,629	27,579	38,629	27,579
Community land		30/06/21	30/06/21	–	–	47,211	43,741	47,211	43,741
Land improvements – depreciable		30/06/21	30/06/21	–	–	–	–	–	–
Buildings		30/06/23	30/06/18	–	–	47,721	46,008	47,721	46,008
Swimming pools and other recreational assets		30/06/21	30/06/21	–	–	35,637	35,486	35,637	35,486
Road infrastructure		30/06/20	30/06/20	–	–	501,407	409,372	501,407	409,372
Stormwater drainage		30/06/20	30/06/20	–	–	83,444	63,258	83,444	63,258
Other assets		30/06/20	30/06/20	–	–	1,863	355	1,863	355
Total infrastructure, property, plant and equipment				–	–	759,381	629,718	759,381	629,718

Non-recurring fair value measurements

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)

Work in Progress

Work in Progress is disclosed at cost in the notes. Separate valuation of these assets is not deemed necessary due to the small period of time that has elapsed between the incurring of the expenditure and the reported valuation in the financial statements. There has been no change to the valuation techniques during the reporting period.

D2-1 Fair value measurement (continued)

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amounts are assumed to approximate fair value due to the nature of the items.

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross replacement cost of similar assets and by taking account of the pattern of consumption, the remaining useful life and residual value are able to be estimated. There has been no change to the valuation process during the reporting period.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The valuation of Council's operational land was undertaken at 30 June 2023 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144. Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price. Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

Land Improvements - depreciable

This asset class comprises land improvements such as gardens, mulched areas, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves.

Council carries fair value of land improvements using Level 3 valuation inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the asset.

The unobservable Level 3 inputs used include as estimated pattern of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Buildings

Council's buildings were valued utilising the cost approach by Scott Fullarton Valuations Pty Ltd in June 2023.

The approach estimated the replacement cost of each building and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (Level 2 inputs), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

As such, these assets have been valued using Level 3 inputs. There has been no change to the valuation techniques during the reporting period.

Swimming Pools & Other Open Space/Recreational Assets

Council's Swimming Pools & Other Open Space/Recreational Assets were valued using the cost approach. Council carries fair value of these assets using Level 3 inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the structure.

The unobservable Level 3 inputs used include as estimated pattern of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Road Infrastructure

This asset class includes roads, bridges, car parks, kerb and gutter, traffic facilities, footpaths and bulk earthworks undertaken in the course of construction. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road

D2-1 Fair value measurement (continued)

infrastructure. In this approach, we estimated the replacement cost for each asset by componentising the asset into significant components with different useful lives and taking into account a range of factors. Most of the unit rates based on square meters were derived from current Council tenders, Rawlinson's handbook and rates from other similar organisations. Other inputs such as estimates of residual values, useful lives, pattern of consumption and asset condition were also derived from extensive professional judgment, IPWEA guidelines and best available industry practices etc. As such these assets were classified as having been valued using level 3 valuation inputs. An internal revaluation was conducted in 2020 in accordance with the fair valuation policy as mandated by the Office of Local Government..

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Other Assets

Council's Other Assets were valued using the cost approach. Council carries fair value of Other Assets using Level 3 inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the asset. The unobservable Level 3 inputs used include estimated patterns of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Tip Assets

Council is obligated to restore/rehabilitate closed former landfill sites at Warragamba, Picton, Appin and Wilton and the closed Bargo Effluent Ponds. Council will also eventually be required to remediate the existing active landfill site at Bargo. It has been recognised that there will be significant costs associated with the closure and remediation or post closure management of these sites. Remediation of the sites to meet the requirements of the stringent standards and guidelines will involve a wide range of activities including preparation of a Landfill Closure and Management Plans, as well as environmental assessments with appropriate remediation works. In some instances this remediation may involve extensive re-profiling or shaping works, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements.

Highest and best use

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

D3-1 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 standard employer contribution rates are:

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

*For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5%) to these member's 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 additional contributions of \$40 million from 1 July 2019 to 31 December 2021 and \$20 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$183,648.64. The last formal valuation of the Scheme was performed by fund actuary, Mr Richard Boyfield, FIAA as at 30 June 2022.

D3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is around 0.37% of the total additional lump sum contributions for all Pooled employers (currently \$20m per annum). Council's expected contribution to the plan for the next annual reporting period is \$178,227.84.

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

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

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

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	6.00% per annum
Salary inflation *	3.50% per annum
Increase in CPI	6.00% 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.

(ii) StateCover Limited

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

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

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

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

(iii) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

D3-1 Contingencies (continued)

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

ASSETS NOT RECOGNISED

(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.

E People and relationships

E1 Related party disclosures

E1-1 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	1,396	1,213
Total	1,396	1,213

Other transactions with KMP and their related parties

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2023					
Purchase of grocery items on account at local store owned by a Councillor	-	-	30-day terms on invoices	-	-
Advertising with a business owned by the spouse of a Councillor	-	-	30-day terms on invoices	-	-
2022					
Purchase of grocery items on account at local store owned by a Councillor	-	-	30-day terms on invoices	-	-
Advertising with a business owned by the spouse of a Councillor	3	-	30-day terms on invoices	-	-

E1-2 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	62	43
Councillors' fees	228	164
Other Councillors' expenses (including Mayor)	56	31
Councillors' Super	30	–
Total	376	238

E2 Other relationships

E2-1 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	257	90
Remuneration for audit and other assurance services	257	90
Total Auditor-General remuneration	257	90
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Internal audit services external provider	84	47
Remuneration for audit and other assurance services	84	47
Total remuneration of non NSW Auditor-General audit firms	84	47
Total audit fees	341	137

F Other matters

F1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	77,862	45,137
Add / (less) non-cash items:		
Depreciation and amortisation	19,123	17,978
(Gain) / loss on disposal of assets	1,533	2,060
Non-cash capital grants and contributions	(38,830)	(22,843)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(102)	502
– Revaluation decrements / impairments of IPP&E direct to P&L	–	552
Unwinding of discount rates on reinstatement provisions	2,132	138
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	1,909	(540)
Increase / (decrease) in provision for impairment of receivables	(2)	20
(Increase) / decrease of inventories	(33)	(165)
(Increase) / decrease of other current assets	1,169	(917)
Increase / (decrease) in payables	(3,535)	3,749
Increase / (decrease) in accrued interest payable	16	(9)
Increase / (decrease) in other accrued expenses payable	329	(965)
Increase / (decrease) in other liabilities	4,568	303
Increase / (decrease) in contract liabilities	(546)	(38)
Increase / (decrease) in employee benefit provision	672	(504)
Increase / (decrease) in other provisions	(78)	(555)
Net cash flows from operating activities	66,187	43,903

Council does not use Non-cash investing and financing activities.

F2-1 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	22,761	5,464
Plant and equipment	812	13
Recreation	805	2,894
Major road and bridge works	4,678	11,371
Tip remediation	7	7
Other	248	518
Total commitments	29,311	20,267
These expenditures are payable as follows:		
Within the next year	29,311	20,267
Total payable	29,311	20,267
Sources for funding of capital commitments:		
Unrestricted general funds	2,526	4,789
Section 7.11 and 64 funds/reserves	4,235	–
Unexpended grants	13,644	15,458
Internally restricted reserves	1,206	20
New loans (to be raised)	7,700	–
Total sources of funding	29,311	20,267

F3 Statement of developer contributions as at 30 June 2023

F3-1 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					
Roads	11,732	3,412	–	34,722	451	(294)	–	15,301	–
Parking	7	14	–	331	1	–	–	22	–
Open space	20,217	3,816	–	307	729	(94)	–	24,668	–
Community facilities	7,153	1,054	3,470	–	137	(3,798)	–	4,546	–
Administration	632	223	–	–	19	(243)	–	631	–
S7.11 contributions – under a plan	39,741	8,519	3,470	35,360	1,337	(4,429)	–	45,168	–
S7.12 levies – under a plan	1,638	–	–	–	49	–	–	1,687	–
Total S7.11 and S7.12 revenue under plans	41,379	8,519	3,470	35,360	1,386	(4,429)	–	46,855	–
S7.4 planning agreements	13,786	5,222	–	–	571	(333)	–	19,246	–
Total contributions	55,165	13,741	3,470	35,360	1,957	(4,762)	–	66,101	–

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.

F3-2 Developer contributions by 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						
2020 Consolidated Plan - Area A & B										
Roads	11,732	3,412	–	34,722	451	(294)	–	15,301	–	
Parking	7	14	–	331	1	–	–	22	–	
Open space	20,217	3,816	–	307	729	(94)	–	24,668	–	
Community facilities	7,153	1,054	3,470	–	137	(3,798)	–	4,546	–	
Administration	632	223	–	–	19	(243)	–	631	–	
Total	39,741	8,519	3,470	35,360	1,337	(4,429)	–	45,168	–	

S7.12 Levies – under a plan

CONTRIBUTION PLAN – 2005

Other	1,638	–	–	–	49	–	–	1,687	–
Total	1,638	–	–	–	49	–	–	1,687	–

F3-3 S7.4 planning agreements

\$ '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						
S7.4 PLANNING AGREEMENTS - Area A & B										
Roads	5,296	1,254	-	-	199	-	-	6,749	-	
Parking	-	16	-	-	1	-	-	17	-	
Open space	4,866	1,287	-	-	187	-	-	6,340	-	
Community facilities	3,087	2,163	-	-	163	-	-	5,413	-	
Administration	538	502	-	-	21	(333)	-	728	-	
Total	13,787	5,222	-	-	571	(333)	-	19,247	-	

F4 Statement of performance measures

F4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(4,090)	(4.51)%	(8.95)%	(7.04)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	90,743				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	69,398	39.85%	47.33%	52.11%	> 60.00%
Total continuing operating revenue ¹	174,128				
3. Unrestricted current ratio					
Current assets less all external restrictions	23,034	1.38x	1.21x	1.44x	> 1.50x
Current liabilities less specific purpose liabilities	16,673				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	17,444	6.32x	4.21x	5.92x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,761				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	3,387	5.85%	6.51%	6.21%	< 5.00%
Rates and annual charges collectable	57,885				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	52,957	7.38	9.08	11.63	> 3.00
Monthly payments from cash flow of operating and financing activities	7,177	months	months	months	months

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

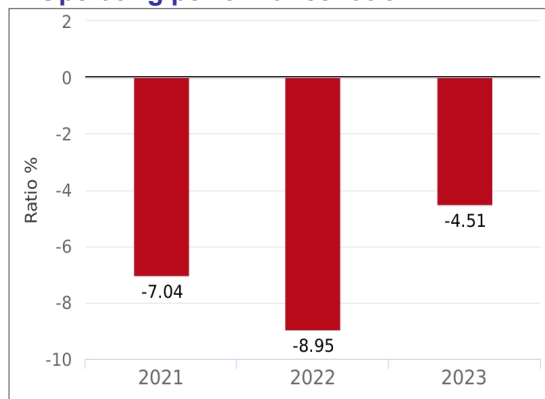
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio (4.51)%

As the effects of natural disasters recede, Council's financial position is improving. This ratio has improved significantly from the prior year and is the best result in the last four years.

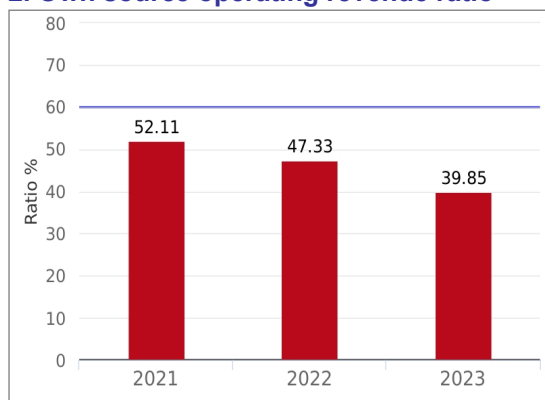
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 39.85%

Council remains successful in securing Operating and Capital grants with \$47.9M received and as a growth Council, receives significant contributions (Cash and Non-Cash) which influences this ratio.

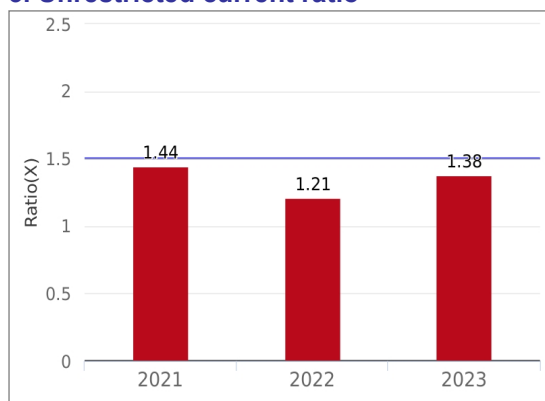
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 1.38x

This ratio has improved from the prior year, reflecting the growth in Council's internal funds position. With the remaining reimbursement of costs for prior years natural disasters to occur in 2023/24 it is expected to improve further.

Benchmark: — > 1.50x

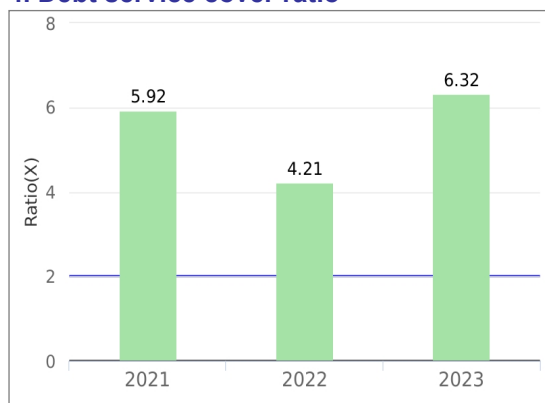
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 6.32x

Councils borrowing levels remain low due to the availability of other funding sources (Grants and Contributions) and it generates sufficient levels of operating cash to meet its debt obligations.

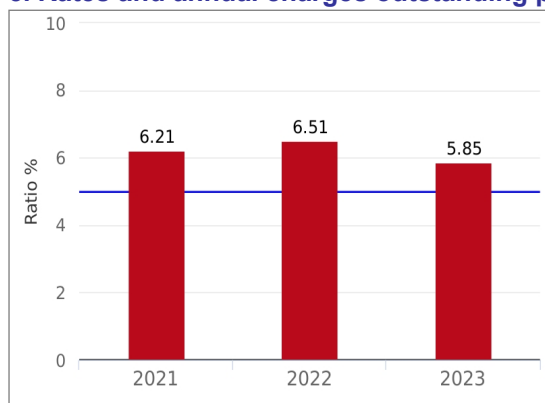
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 5.85%

Formal debt collection activity accelerated during the 2022/23 financial year and this had a positive impact upon the collection of outstanding rates and charges with cashflows exceeding the level of income raised.

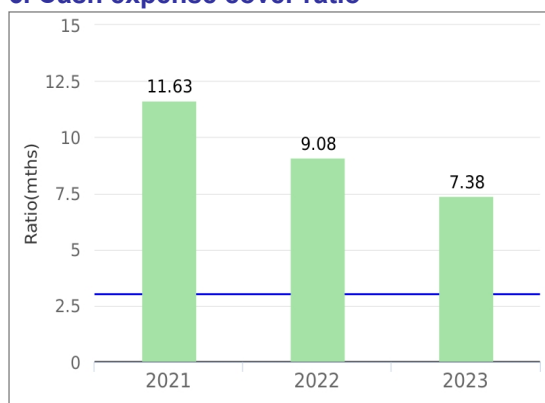
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 7.38 months

Councils cash and cash equivalents increased throughout the year, and the investment profile changed with Non-Current investments increasing by \$23.2M, this contributed to the result for this ratio, which whilst lower than 2022 remains healthy.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2023	2022	2021	2020	2019
Inflows:					
Rates and annual charges revenue	53,915	51,910	49,837	47,498	45,502
User charges revenue	8,452	7,632	6,896	5,029	5,790
Interest and investment revenue (losses)	3,845	928	774	1,760	2,130
Grants income – operating and capital	52,159	35,809	28,216	18,665	7,563
Total income from continuing operations	174,230	131,228	113,645	112,219	83,783
Sale proceeds from IPPE	189	117	331	53	588
New loan borrowings and advances	3,364	–	–	–	–
Outflows:					
Employee benefits and on-cost expenses	35,516	30,790	28,044	28,031	23,772
Borrowing costs	2,411	152	276	1,704	1,906
Materials and contracts expenses	35,399	32,750	25,730	26,564	15,929
Total expenses from continuing operations	96,368	86,091	84,552	74,453	61,567
Total cash purchases of IPPE	55,031	27,089	52,030	54,056	25,118
Total loan repayments (incl. finance leases)	2,485	2,528	2,384	2,560	1,597
Operating surplus/(deficit) (excl. capital income)	(5,523)	(9,993)	(12,875)	(6,411)	3,775
Financial position figures					
Current assets	58,835	72,821	76,505	61,558	64,015
Current liabilities	22,008	24,616	21,711	23,226	18,674
Net current assets	36,827	48,205	54,794	38,332	45,341
Available working capital (Unrestricted net current assets)	(224)	(830)	950	(1,631)	3,583
Cash and investments – unrestricted	1,794	1,646	1,200	3,037	7,341
Cash and investments – internal restrictions	10,740	9,054	11,475	17,687	17,832
Cash and investments – total	102,016	89,648	75,747	77,878	74,924
Total borrowings outstanding (loans, advances and finance leases)	6,467	4,709	6,253	7,810	9,599
Total value of IPPE (excl. land and earthworks)	1,064,981	860,446	812,899	768,208	693,767
Total accumulated depreciation	419,633	349,570	333,963	317,236	302,378
Indicative remaining useful life (as a % of GBV)	61%	59%	59%	59%	56%

Source: published audited financial statements of Council (current year and prior year)

G1-3 Council information and contact details

Principal place of business:

62-64 Menangle Street
Picton NSW 2571

Contact details

Mailing Address:

PO Box 21
Picton NSW 2571

Telephone: (02) 4677 1100

Facsimile: (02) 4677 2339

Internet: www.wollondilly.nsw.gov.au

Email: councill@wollondilly.nsw.gov.au

Officers

Chief Executive Officer

Ben Taylor

Responsible Accounting Officer

Rob Seidel

Public Officer

Eric Imbs

Auditors

Auditor General
Audit Office of NSW
Level 19, 201 Sussex Street
SYDNEY NSW 2000

Elected members

Mayor

Cr M Gould

Councillors

Cr M Deeth (Deputy Mayor)
Cr H Gibbs
Cr B Briggs
Cr J Hannan
Cr B Spearpoint
Cr P Rogers
Cr S Brandstater
Cr M Banasik

Other information

ABN: 93 723 245 808



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Wollondilly Shire Council

To the Councillors of Wollondilly Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

31 October 2023
SYDNEY



Matt Gould
 Mayor
 Wollondilly Shire Council
 62 - 64 Menangle Street
 PICTON NSW 2571

Contact: Min Lee
 Phone no: 02 9275 7151
 Our ref: R008-16585809-46248

31 October 2023

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	53.9	51.9	↑ 3.9
Grants and contributions revenue	104.7	69.4	↑ 50.9
Operating result from continuing operations	77.9	45.1	↑ 72.7
Net operating result before capital grants and contributions	(5.5)	(10.0)	↑ 45.0

Rates and annual charges revenue (\$53.9 million) increased by \$2.0 million (3.9 per cent) in 2022–23 due to:

- the annual rate peg 1.3 per cent increase applied to ordinary rates
- increase of 940 (4.63 per cent) in the total rateable properties during the year.

Grants and contributions revenue (\$104.7 million) increased by \$35.3 million (49.4 per cent) in 2022–23 mainly due to:

- increase of \$19.0 million of developer contributions recognised during the year
- increase of \$14.9 million of special purpose capital grants relating to transport (other roads and bridges funding) and recreation and culture.

The Council's operating result from continuing operations was a surplus of \$77.9 million including depreciation, amortisation and impairment expense of \$19.1 million) was \$32.8 million higher than the 2021–22 result. This was mainly due to the increase in grants and contributions revenue of \$35.3 million.

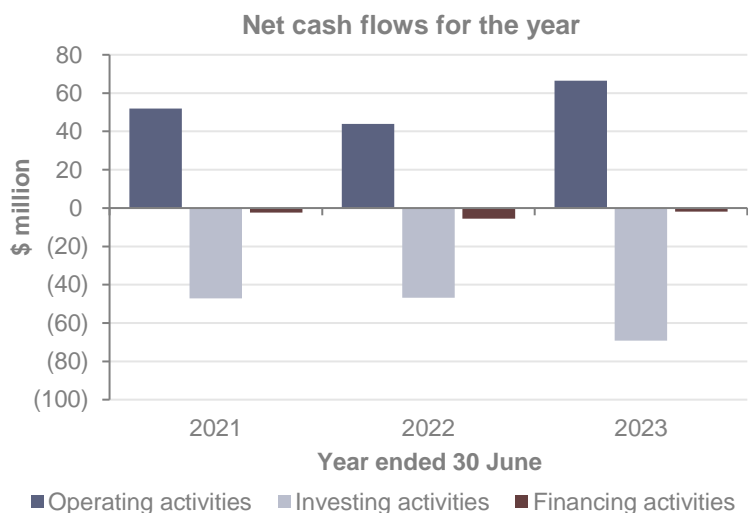
The net operating result before capital grants and contributions (a deficit of \$5.5 million) was \$4.5 million lower than the 2021–22 result. This was mainly due to:

- increase of \$14.7 million of total revenue excluding grants and contributions provided for capital purposes
- increase of \$10.2 million of operating expenses.

STATEMENT OF CASH FLOWS

Cash balances (\$3.0 million) decreased by \$2.1 million (41.2 per cent) due to:

- net cash inflows from operating activities increased by \$22.3 million mainly due to \$23.9 million increase in receipts from grants and contributions, contracts work income and net GST receipts during the year
- net cash outflows from investing activities increased by \$22.4 million mainly due to the increase of \$27.9 million in the payments of purchasing property, plant and equipment during the year
- net cash inflows from financing activities increased by \$3.4 million due to \$3.4 million increase in proceeds from Picton Precinct loan from NSW Treasury Corporation.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	102.0	89.6	Total cash, cash equivalents and investments increased by \$12.4 million:
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	89.5	78.9	• Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase in Council's externally restricted cash and investments were mainly due to increase in the developer contributions cash holdings.
• Internal allocations	10.7	9.1	• Internally restricted cash and investments are due to Council policy or decisions to restrict funds for forward plans including strategic capital projects. The increase in internally restricted cash and investments is mainly due to the increase in allocated funds for the infrastructure and asset maintenance.

Debt

At 30 June 2023, Council had:

- \$6.5 million in secured loans (\$4.7 million in 2021-22)
- \$0.3 million in approved overdraft facility which remains unutilised
- \$0.1 million in credit card facility with less than half of the facility used.

PERFORMANCE

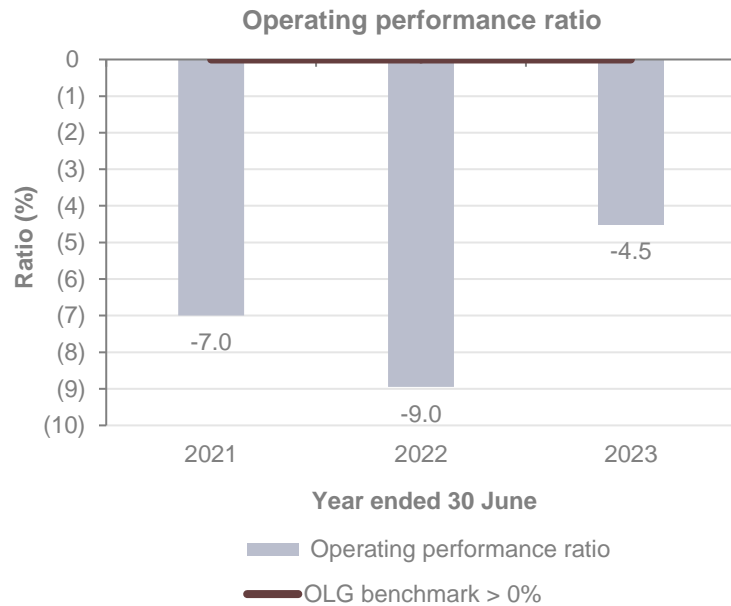
Performance measures

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

Operating performance ratio

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

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



Own source operating revenue ratio

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

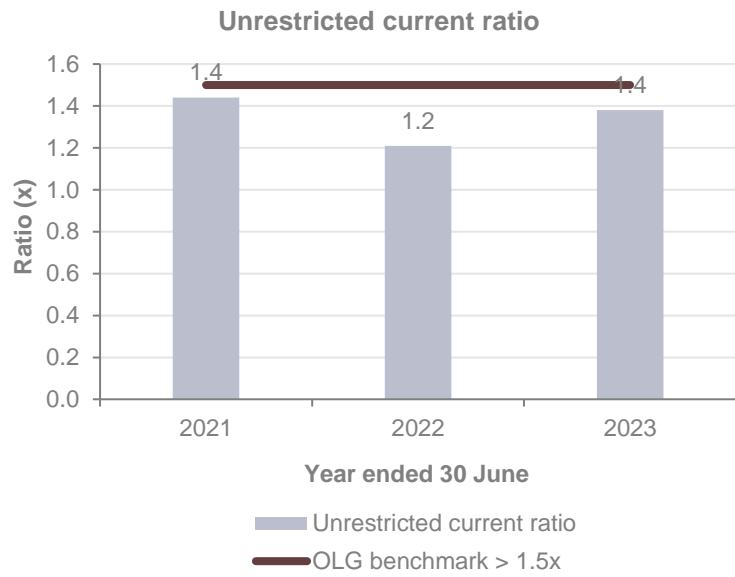
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

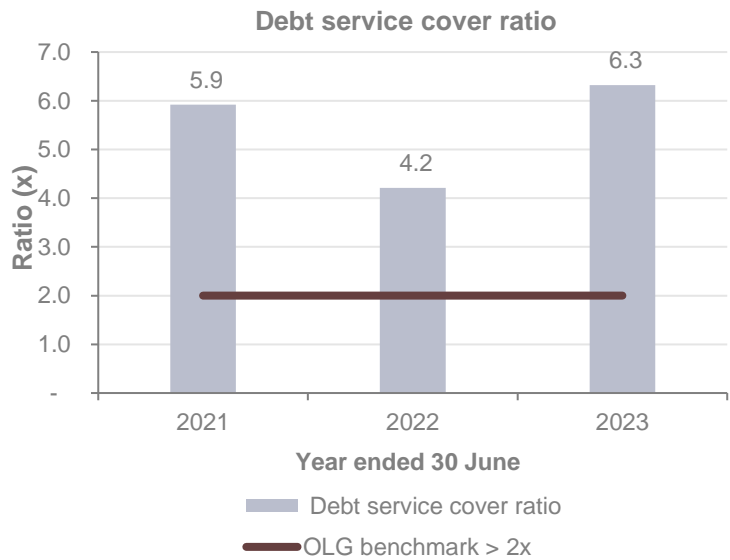
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council met the benchmark for the current reporting period.

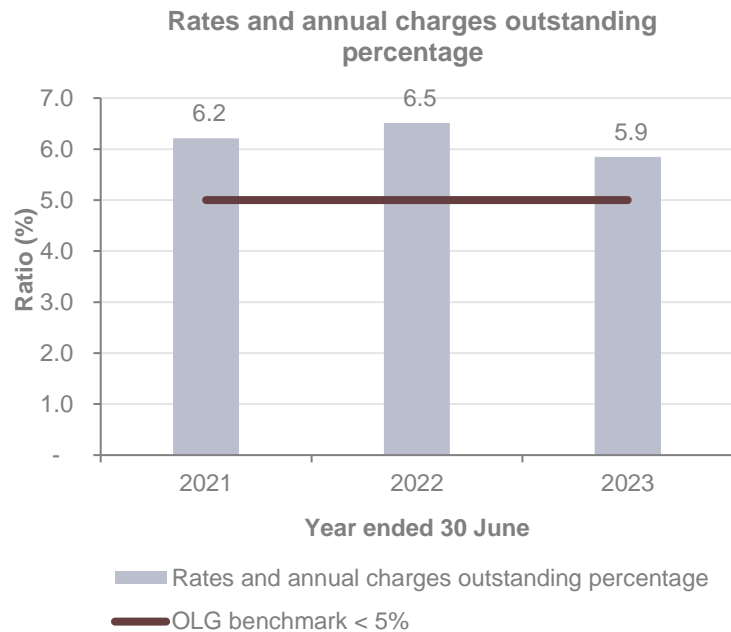
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

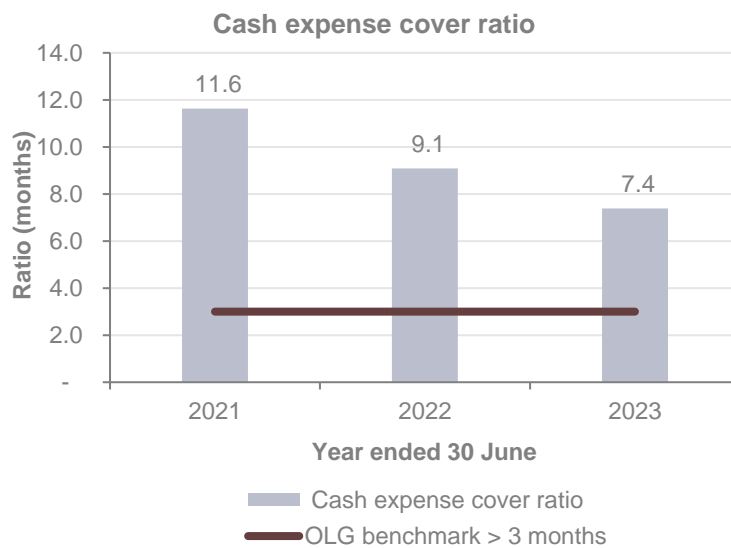
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

The Council met the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$23.0 million of infrastructure, property, plant and equipment during the 2022-23 financial year. Significant renewals included:

- roads, footpaths, other road assets and other open space/recreational assets of \$18.3 million (\$10.4 million in 2021-22)
- buildings of \$0.5 million (\$1.9 million in 2021-22)
- RFS Red Fleet assets of \$3.7m (none in 2021-22).

OTHER MATTERS

Legislative compliance

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

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



Min Lee
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Ben Taylor, Chief Executive Officer
Stephen Horne, Chair of Audit, Risk and Improvement Committee
Kiersten Fishburn, Secretary of the Department of Planning and Environment



Wollondilly
Shire Council

SPECIAL
Schedules

FOR THE YEAR ENDED
30 JUNE 2023

Wollondilly Shire Council

Special Schedules

for the year ended 30 June 2023

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Wollondilly Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	41,354	42,694
Plus or minus adjustments ²	b	800	1,414
Notional general income	c = a + b	42,154	44,108
Permissible income calculation			
Or rate peg percentage	e	1.30%	3.70%
Or plus rate peg amount	i = e x (c + g)	548	1,632
Sub-total	k = (c + g + h + i + j)	42,702	45,740
Plus (or minus) last year's carry forward total	l	(3)	28
Less valuation objections claimed in the previous year	m	-	(23)
Sub-total	n = (l + m)	(3)	5
Total permissible income	o = k + n	42,699	45,745
Less notional general income yield	p	42,694	45,711
Catch-up or (excess) result	q = o - p	5	34
Plus income lost due to valuation objections claimed ⁴	r	23	-
Carry forward to next year ⁶	t = q + r + s	28	34

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Wollondilly Shire Council

To the Councillors of Wollondilly Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



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

31 October 2023
SYDNEY

Wollondilly Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	7,765	7,765	3,413	1,740	47,721	117,530	15.0%	4.0%	37.0%	41.0%	3.0%
	Sub-total	7,765	7,765	3,413	1,740	47,721	117,530	15.0%	4.0%	37.0%	41.0%	3.0%
Roads	Roads	34,396	34,396	8,937	9,682	295,511	463,095	17.0%	34.0%	41.0%	7.0%	1.0%
	Sealed roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Unsealed roads	446	446	171	347	762	2,785	3.0%	15.0%	66.0%	16.0%	0.0%
	Bridges	4,017	4,017	833	105	38,365	80,346	13.0%	30.0%	52.0%	1.0%	4.0%
	Footpaths	439	439	413	82	30,979	43,901	56.0%	25.0%	18.0%	1.0%	0.0%
	Other road assets	3,524	3,524	2,120	463	63,367	114,471	33.0%	22.0%	41.0%	3.0%	1.0%
	Bulk earthworks	–	–	–	–	72,423	72,423	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-total	42,822	42,822	12,474	10,679	501,407	777,021	19.5%	28.1%	37.1%	4.8%	10.5%	
Stormwater drainage	Stormwater drainage	444	444	708	1,740	83,444	100,269	82.0%	15.0%	3.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	444	444	708	1,740	83,444	100,269	82.0%	15.0%	3.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	59	98	1,585	2,837	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	501	501	1,430	2,476	34,052	51,828	26.0%	51.0%	21.0%	2.0%	0.0%
	Sub-total	501	501	1,489	2,574	35,637	54,665	24.7%	53.5%	19.9%	1.9%	0.0%
Total – all assets		51,532	51,532	18,084	16,733	668,209	1,049,485	25.2%	25.5%	32.9%	8.3%	8.1%

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

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Wollondilly Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	19,288	104.45%	117.51%	143.00%	> 100.00%
Depreciation, amortisation and impairment	18,467				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	51,532	7.27%	7.80%	7.85%	< 2.00%
Net carrying amount of infrastructure assets	709,289				
Asset maintenance ratio					
Actual asset maintenance	16,733	92.53%	69.50%	92.16%	> 100.00%
Required asset maintenance	18,084				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	51,532	4.91%	5.11%	5.08%	
Gross replacement cost	1,049,485				

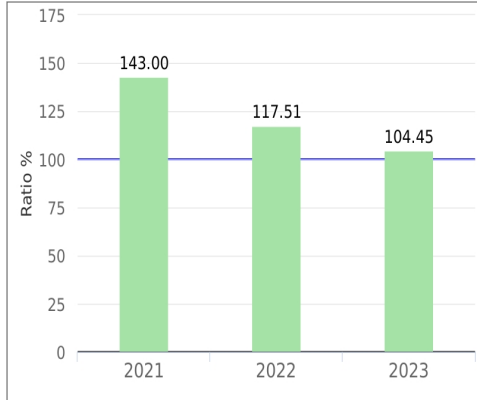
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Wollondilly Shire Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
22/23 ratio	104.45%
Historically, infrastructure renewals have been insufficiently funded, resulting in a large infrastructure backlog. Council has addressed this issue by seeking a special rate variation for the purpose of renewing infrastructure assets. The annual renewal of infrastructure assets has been exceeding the benchmark over the past 6 years.	

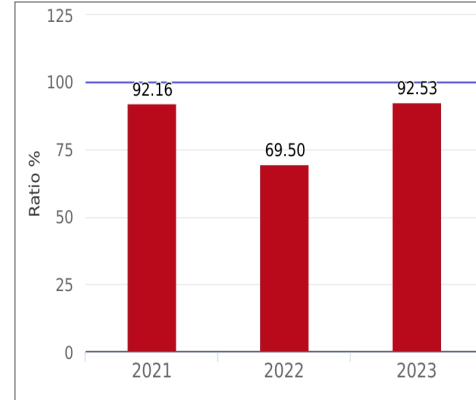
Benchmark: — > 100.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
22/23 ratio	92.53%
This ratio has improved significantly from 2022, driven by drier conditions and the receipt of RLRRP funding, allowing the time and resources for the team to deliver significant maintenance works during the year.	

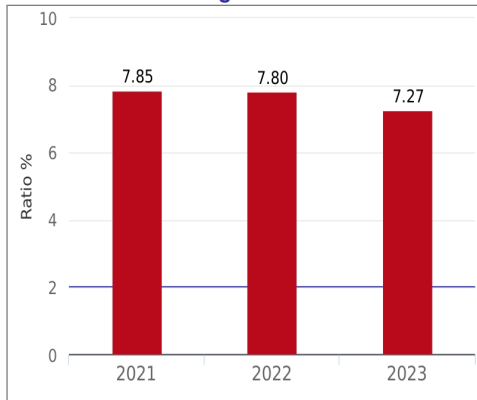
Benchmark: — > 100.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
22/23 ratio	7.27%
Investment in infrastructure renewals remains high. The ratio has improved from 2022. This is due to a period where there have been drier weather conditions which has allowed Council to address the back log of infrastructure asset work.	

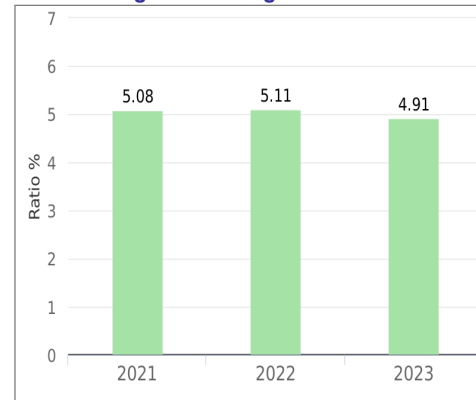
Benchmark: — < 2.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
22/23 ratio	4.91%

Wollondilly Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Benchmark
	2023	2022	
Buildings and infrastructure renewals ratio			
Asset renewals ¹	104.45%	117.51%	> 100.00%
Depreciation, amortisation and impairment			
Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	7.27%	7.80%	< 2.00%
Net carrying amount of infrastructure assets			
Asset maintenance ratio			
Actual asset maintenance	92.53%	69.50%	> 100.00%
Required asset maintenance			
Cost to bring assets to agreed service level			
Estimated cost to bring assets to an agreed service level set by Council	4.91%	5.11%	
Gross replacement cost			

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