



**I hereby give notice that an Extraordinary Meeting of Council will be held on:**

**Date: Wednesday 17 January 2024**

**Time: 3:30pm**

**Location: Council Chambers  
Cnr Camp & Weddin Streets  
GRENFELL NSW 2810**

# **AGENDA**

## **Extraordinary Council Meeting 17 January 2024**

**Noreen Vu  
General Manager**

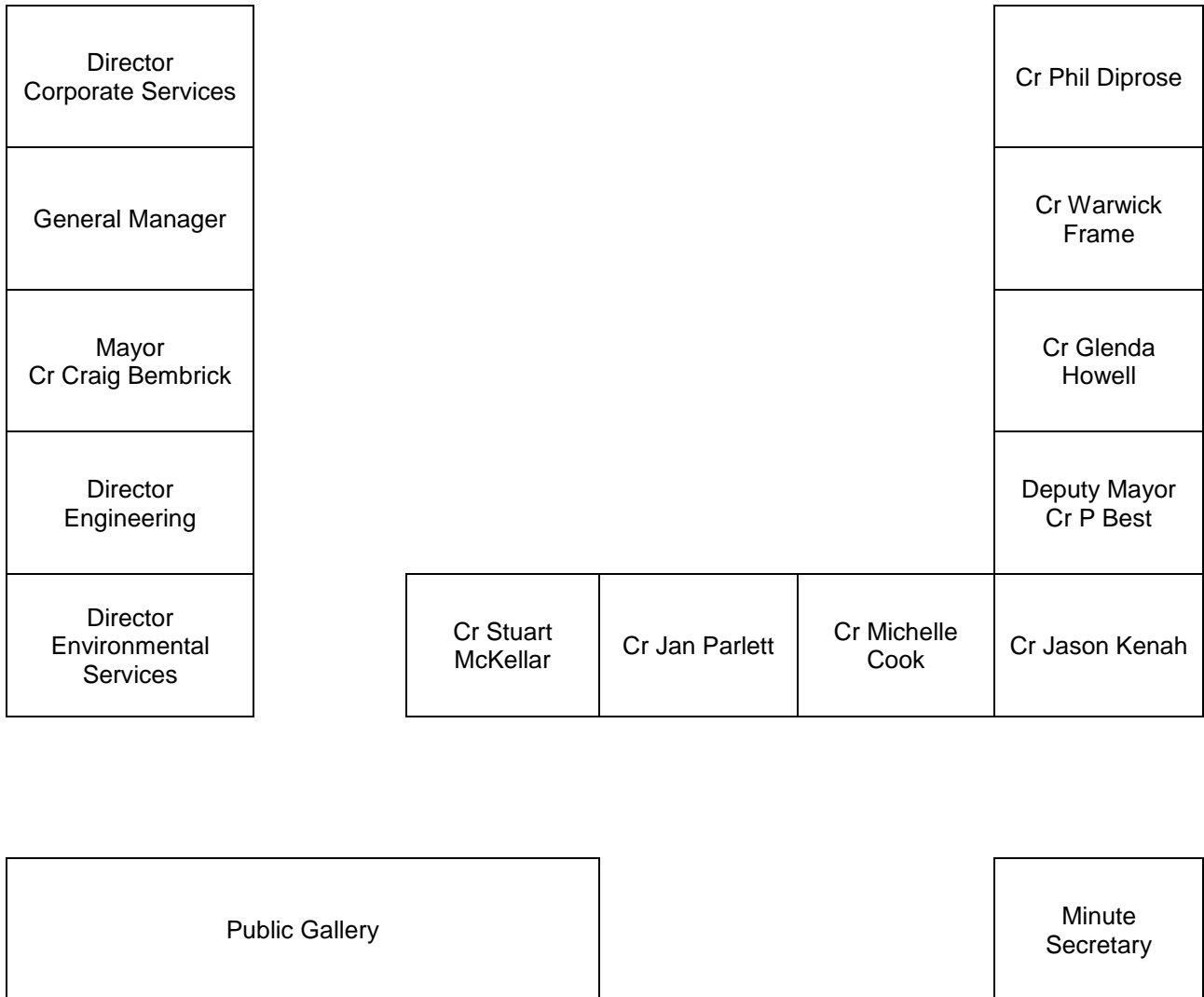
***“Weddin Shire Council – working for and with the community”***

Council’s Mission Statement









Councillors (from left to right) Phillip Diprose, Stuart McKellar, Warwick Frame, Craig Bembrick (Mayor), Glenda Howell , Paul Best (Deputy Mayor), Jason Kenah, Jan Parlett and Michelle Cook.

## COUNCIL CHAMBERS LAYOUT



## WSC STRATEGIC DIRECTION

To attain the overarching objective of the Community Strategic Plan (CSP), population growth, Council will work together with the Weddin Community to achieve the following strategic objectives, listed in priority order:

No.	Strategic Objective	Key Area
1.	Collaborative wealth building (strong, diverse and resilient local economy)	 Economic
2.	Innovation in service delivery (healthy, safe and educated community)	 Social
3.	Democratic and engaged community supported by efficient internal systems	 Civic Leadership
4.	Culturally rich, vibrant and inclusive community	 Social
5.	Sustainable natural, agricultural and built environments	 Environment
6.	Shire assets and services delivered effectively and efficiently	 Economic

**Order Of Business**

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**1 OPENING**

In accordance with the WSC Code of Meeting Practice, this meeting will be recorded for the purposes of audio-visual livestreaming via Council's website and Facebook page. Those in attendance are asked to refrain from making any defamatory statements and comply with all relevant WSC codes, policies and procedures at all times.

**2 ACKNOWLEDGEMENT OF COUNTRY**

Weddin Shire Council would like to acknowledge the Wiradjuri people who are the Traditional Custodians of the Land.

Weddin Shire Council would also like to pay respect to the Elders both past and present of the Wiradjuri Nation and extend that respect to other Aboriginal Australians who are present.

**3 ACKNOWLEDGEMENT OF SERVICE**

We honour our service personnel who have sacrificed their lives in the defence of our freedom, peace and prosperity. We acknowledge all of our frontline workers and volunteers who each day provide our essential and non-essential services, especially those within our Weddin Shire Local Government Area.

**4 ATTENDANCE****ATTENDANCE****APOLOGIES****LEAVE OF ABSENCE****5 DISCLOSURES OF INTEREST**

## 6 GENERAL MANAGER'S REPORTS

### 6.1 AUDITED 2022/2023 FINANCIAL STATEMENTS

<b>File Number:</b>	<b>A3</b>
<b>Author:</b>	<b>General Manager</b>
<b>Authoriser:</b>	<b>General Manager</b>
<b>Attachments:</b>	<b>1. General Purpose Financial Statements 2. Independent Auditor's Report 3. Report on the Conduct of the Audit 4. Special Purpose Financial Statements 5. Special Schedules and IAR 6. AG Letter to Minister for Local Government - Matter of Interest</b>
<b>CSP Objective:</b>	<b>Democratic and engaged community supported by efficient internal systems</b>
<b>Precis:</b>	<b>Local Government Act 1993</b>
<b>Budget:</b>	<b>\$ Nil</b>

### RECOMMENDATION

That Council:

1. Receive and note the presented 2022/2023 Audited Financial Statements.
2. Note that public notice in accordance with section 418 of the Local Government Act 1993 the Audited Financial Statements for 2022/2023 was provided on 3 January 2024.
3. Note that in the event that Council receives any submissions in accordance with s. 420 of the Local Government Act 1993, the submission will be referred to the Audit Office of NSW.

### PURPOSE

This report provides a brief of Council's audited Financial Statements for 2022/2023. In accordance with the Local Government Act 1993, the statements are presented for information.

### BACKGROUND

Council's external auditor, the Audit Office of New South Wales, via Intentus Chartered Accountants, has completed the audit of the financial statements for 2022/23. In accordance with s.418(3) of the Local Government Act 1993, Council must provide public notice of the presentation of the financial reports, which it has done so on 3 January 2024.

Submissions must be in writing and lodged with the Council within 7 days after the date on which those reports are presented to the public and do so in accordance with s. 420 of the Local Government Act 1993 (24 January 2024).

The public notice provides a high-level overview and is provided below.

## Weddin Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2023

#### Public notice – Presentation of financial statements

as per Section 418 (3) of the Local Government Act.

In accordance with Section 418 (3) of the *Local Government Act 1993 (NSW)*, Weddin Shire Council advises that the ordinary Council meeting to be held on 17 January 2023 will include the presentation of the audited Financial Statements and the Auditor's Reports for the year ending 30 June 2023.

A summary of the Financial Statements is provided below.

	2023	Restated Actual 2022
	\$ '000	\$ '000
<b>Income Statement</b>		
Total income from continuing operations	37,670	18,566
Total expenses from continuing operations	23,327	14,761
<b>Operating result from continuing operations</b>	<b>14,343</b>	<b>3,805</b>
<b>Net operating result for the year</b>	<b>14,343</b>	<b>3,805</b>
<b>Net operating result before grants and contributions provided for capital purposes</b>	<b>4,225</b>	<b>(1,466)</b>
<b>Statement of Financial Position</b>		
Total current assets	18,979	15,066
Total current liabilities	(8,835)	(10,331)
Total non-current assets	292,350	269,062
Total non-current liabilities	(4,325)	(4,691)
<b>Total equity</b>	<b>298,169</b>	<b>269,106</b>
<b>Other financial information</b>		
Unrestricted current ratio (times)	3.06x	3.37x
Operating performance ratio (%)	14.03%	(14.09)%
Debt service cover ratio (times)	15.52x	4.71x
Rates and annual charges outstanding ratio (%)	10.51%	9.02%
Buildings and Infrastructure Renewal Ratio (%)	248.43%	0.00%
Own source operating revenue ratio (%)	39.04%	38.27%
Cash expense cover ratio (months)	4.49	13.46

In accordance with Section 420 of the *Local Government Act 1993 (NSW)*, any person may make a submission in writing to Council with respect to the Council's Audited Financial Statements or the Auditor's Reports.

Copies of the Audited Financial Statements and the Auditor's Reports may be inspected at:

**Internet:** [www.weddin.nsw.gov.au](http://www.weddin.nsw.gov.au)  
**Locations:** Weddin Shire Council  
 73 Camp Street  
 Grenfell NSW 2810

Submissions close one week after the above public meeting has been held.



## ISSUES AND COMMENTS

The Draft unaudited Financial Statements for the 2022-2023 period was presented to Council on 28 September 2023. The issues raised in the preparation process included:

- Prior Year Error – Depreciation (2021/2022 period)
- Restricted cash breach. At 30 June 2023, Council had insufficient funds to cover its external restrictions due to the debtors and debtors accruals at year end. Council was found to be in breach in two areas, s. 410(3) in relation to the sewer fund and developer contribution sewer fund, money that is not yet required for the purpose for which it was received may be lent (by way of internal loan) for use by the Council for any other purpose, if and only if, its use for that other purpose is approved by the Minister. Council did not have this approval 30 June. Council was also in breach of s. 409(3) as it had used cash for purposes other than the restrictions.
- Council's position on the red fleet assets would continue to see Council receiving a qualified audit.

The Auditors attended site on 7 and 8 November 2023. The Audit has resulted in a modified qualified opinion. The modification relates to a number of corrected monetary misstatements. The following provide a summary provided by the Audit Office.

### Corrected monetary misstatements

Management corrected the following monetary misstatements in the current year's GPFS. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

Description	Assets	Liabilities	Net operating result for the year	Other comprehensive income
Effect of correction	Increase/ (decrease)	(Increase)/ decrease	(Increase)/ decrease	(Increase)/ decrease
	\$'000	\$'000	\$'000	\$'000
<b>Factual misstatements</b>				
Indexation adjustment for community land and updated valuation result of buildings was not processed	199	-	-	(199)
Understatement of impairment of road assets	(1,207)	-	-	1,207
Recognise depreciation on new asset additions	(196)	-	196	-
Reverse RMCC revenue and receivables pertaining to FY24	(1,714)	-	1,714	-
Correction of grants income and corresponding contract liabilities	-	342	(342)	-
<b>Total impact of corrected misstatements</b>	<b>(2,918)</b>	<b>342</b>	<b>1,568</b>	<b>1,008</b>

### Corrected disclosure deficiencies

There were no material corrected disclosure deficiencies in the current year's GPFS.

As per Council's Self-Initiated Improvement Management Plan, mechanisms have been put in place to avoid this from occurring again.

Attached for the Council's consideration includes:

1. General Purpose Financial Statements
2. Special Purpose Financial Statements
3. Special Schedules
4. Independent Auditor's Reports
5. Report on the Conduct of the Audit
6. Letter from the Auditor-General to the Minister for Local Government to report significant matters

### **POLICY/LEGAL IMPLICATIONS**

At 30 June 2023, Council was in breach of s. 409(3) and s. 410(3) of the *Local Government Act 1993*. Council notes that this was a point in time issue at 30 June 2023. A letter has been issued to the Minister for Local Government on Council's Financial Statement being of significant interest on the restricted cash breach and attached for Council's awareness.

Council has a number of obligations under the Local Government Act now with the audited financial statements.

Under s. 420 of the Local Government Act 1993 states:

#### **420 Submissions on financial reports and auditor's reports**

*(1) Any person may make submissions to the council with respect to the council's audited financial reports or with respect to the auditor's reports.*

*(2) A submission must be in writing and must be lodged with the council within 7 days after the date on which those reports are presented to the public.*

*(3) The council must ensure that copies of all submissions received by it are referred to the auditor.*

*(4) The council may take such action as it considers appropriate with respect to any such submission, including the giving of notice to the Departmental Chief Executive of any matter that appears to require amendment of the council's financial reports.*

### **FINANCIAL/RESOURCE IMPLICATIONS**

Council would like to thank the external contractors, Luka Group for undertaking the Annual Financial Statements and the setting up of internal systems to ensure effective reporting of grants and income.

### **INTERNAL/EXTERNAL CONSULTATION**

Public notice for the presentation of the financial statements also provided a copy of the audited financial statements online (Council website and Facebook). The Public Notice was also advertised in the Grenfell Record. There will be a further seven (7) day public exhibition period after this Council meeting, welcoming submissions to provide to the Audit Office.

The Audit, Risk and Improvement Committee were provided a presentation on the Audited Financial Statements on 12 January 2024.

The Auditor's Contractors will provide the Council a presentation on Monday 15 January 2024 in a Councillor Workshop at the Council Chambers at 4pm.

**CONCLUSION**

That Council receive and note the audited Financial Statements for year ending 30 June 2023.

# Weddin Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023



## Weddin Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2023

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#### Overview

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

Corner Camp & Weddin Streets  
Grenfell NSW 2810

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.weddin.nsw.gov.au](http://www.weddin.nsw.gov.au).

## Weddin 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)

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

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

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

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

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

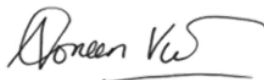
Signed in accordance with a resolution of Council made on 28 September 2023.



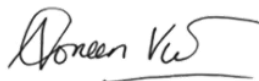
Cr Craig Bembrick  
Mayor  
28 September 2023



Cr Paul Best  
Councillor  
28 September 2023



Noreen Vu  
General Manager  
28 September 2023



Noreen Vu  
Responsible Accounting Officer  
28 September 2023

## Weddin Shire Council

## Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Restated Actual 2022
<b>Income from continuing operations</b>				
4,288	Rates and annual charges	B2-1	4,194	4,016
3,009	User charges and fees	B2-2	9,626	2,506
160	Other revenues	B2-3	347	289
5,180	Grants and contributions provided for operating purposes	B2-4	12,590	5,964
–	Grants and contributions provided for capital purposes	B2-4	10,118	5,271
60	Interest and investment income	B2-5	280	66
111	Other income	B2-6	473	454
215	Net gain from the disposal of assets	B4-1	42	–
13,023	<b>Total income from continuing operations</b>		<b>37,670</b>	<b>18,566</b>
<b>Expenses from continuing operations</b>				
4,256	Employee benefits and on-costs	B3-1	5,462	4,312
3,553	Materials and services	B3-2	12,092	5,768
215	Borrowing costs	B3-3	186	209
3,278	Depreciation, amortisation and impairment of non-financial assets	B3-4	5,211	4,159
1,549	Other expenses	B3-5	376	313
12,851	<b>Total expenses from continuing operations</b>		<b>23,327</b>	<b>14,761</b>
172	<b>Operating result from continuing operations</b>		<b>14,343</b>	<b>3,805</b>
172	<b>Net operating result for the year attributable to Council</b>		<b>14,343</b>	<b>3,805</b>
172	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>4,225</b>	<b>(1,466)</b>

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

Weddin Shire Council | Statement of Comprehensive Income | for the year ended 30 June 2023

## Weddin Shire Council

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	Restated 2022
<b>Net operating result for the year – from Income Statement</b>		<b>14,343</b>	3,805
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	17,317	23,009
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	(5,073)	–
Other comprehensive income – joint ventures and associates	D2-2	2,476	4,545
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>14,720</b>	27,554
<b>Total other comprehensive income for the year</b>		<b>14,720</b>	27,554
<b>Total comprehensive income for the year attributable to Council</b>		<b>29,063</b>	31,359

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



## Weddin Shire Council

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	Restated 1 July 2021
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	6,146	12,850	12,454
Investments	C1-2	–	1,000	2,500
Receivables	C1-4	1,350	890	1,542
Inventories	C1-5	225	326	198
Contract assets and contract cost assets	C1-6	11,258	–	–
<b>Total current assets</b>		<b>18,979</b>	<b>15,066</b>	<b>16,694</b>
<b>Non-current assets</b>				
Receivables	C1-4	79	147	263
Inventories	C1-5	83	83	83
Infrastructure, property, plant and equipment (IPPE)	C1-7	254,614	234,102	206,383
Right of use assets	C2-1	–	8	17
Investments accounted for using the equity method	D2-2	37,574	34,722	29,812
<b>Total non-current assets</b>		<b>292,350</b>	<b>269,062</b>	<b>236,558</b>
<b>Total assets</b>		<b>311,329</b>	<b>284,128</b>	<b>253,252</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	3,222	1,273	1,823
Contract liabilities	C3-2	4,120	7,579	6,671
Lease liabilities	C2-1	–	9	9
Borrowings	C3-3	407	397	263
Employee benefit provisions	C3-4	1,086	1,073	1,623
<b>Total current liabilities</b>		<b>8,835</b>	<b>10,331</b>	<b>10,389</b>
<b>Non-current liabilities</b>				
Payables	C3-1	4	1	2
Lease liabilities	C2-1	–	–	9
Borrowings	C3-3	3,675	4,083	4,308
Employee benefit provisions	C3-4	85	26	40
Provisions	C3-5	561	581	757
<b>Total non-current liabilities</b>		<b>4,325</b>	<b>4,691</b>	<b>5,116</b>
<b>Total liabilities</b>		<b>13,160</b>	<b>15,022</b>	<b>15,505</b>
<b>Net assets</b>		<b>298,169</b>	<b>269,106</b>	<b>237,747</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	191,089	174,270	165,920
IPPE revaluation reserve	C4-1	107,080	94,836	71,827
<b>Council equity interest</b>		<b>298,169</b>	<b>269,106</b>	<b>237,747</b>
<b>Total equity</b>		<b>298,169</b>	<b>269,106</b>	<b>237,747</b>

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

Weddin Shire Council | Statement of Changes in Equity | for the year ended 30 June 2023

## Weddin 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		174,270	94,836	269,106	166,794	71,827	238,621
Correction of prior period errors	G3-1	-	-	-	(874)	-	(874)
<b>Restated opening balance</b>		<b>174,270</b>	<b>94,836</b>	<b>269,106</b>	<b>165,920</b>	<b>71,827</b>	<b>237,747</b>
Net operating result for the year		14,343	-	14,343	4,716	-	4,716
Correction of prior period errors	G3-1	-	-	-	(911)	-	(911)
<b>Restated net operating result for the period</b>		<b>14,343</b>	<b>-</b>	<b>14,343</b>	<b>3,805</b>	<b>-</b>	<b>3,805</b>
<b>Other comprehensive income</b>							
Correction of prior period errors	G3-1	-	-	-	-	(188)	(188)
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	-	17,317	17,317	-	23,197	23,197
Impairment (loss) reversal relating to IPP&E	C1-7	-	(5,073)	(5,073)	-	-	-
Joint ventures and associates	D2-2	2,476	-	2,476	4,545	-	4,545
<b>Restated other comprehensive income</b>		<b>2,476</b>	<b>12,244</b>	<b>14,720</b>	<b>4,545</b>	<b>23,009</b>	<b>27,554</b>
<b>Total comprehensive income</b>		<b>16,819</b>	<b>12,244</b>	<b>29,063</b>	<b>8,350</b>	<b>23,009</b>	<b>31,359</b>
<b>Closing balance at 30 June</b>		<b>191,089</b>	<b>107,080</b>	<b>298,169</b>	<b>174,270</b>	<b>94,836</b>	<b>269,106</b>

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

## Weddin Shire Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
4,288	Rates and annual charges		4,110	3,947
3,009	User charges and fees		3,654	2,960
60	Interest received		280	66
5,180	Grants and contributions		7,991	12,143
–	Bonds, deposits and retentions received		–	6
486	Other		6,035	637
<i>Payments:</i>				
(4,256)	Payments to employees		(5,346)	(4,815)
(3,553)	Payments for materials and services		(10,120)	(6,491)
(215)	Borrowing costs		(142)	(207)
–	Bonds, deposits and retentions refunded		(17)	–
(1,549)	Other		(394)	(506)
3,450	<b>Net cash flows from operating activities</b>	G1-1	<b>6,051</b>	<b>7,740</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Redemption of term deposits		1,000	–
–	Proceeds from sale of IPPE		42	–
–	Deferred debtors receipts		81	116
<i>Payments:</i>				
–	Acquisition of term deposits		–	1,500
(2,731)	Payments for IPPE		(13,471)	(8,860)
(2,731)	<b>Net cash flows from investing activities</b>		<b>(12,348)</b>	<b>(7,244)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
400	Proceeds from borrowings		–	232
<i>Payments:</i>				
(545)	Repayment of borrowings		(398)	(323)
–	Principal component of lease payments		(9)	(9)
(145)	<b>Net cash flows from financing activities</b>		<b>(407)</b>	<b>(100)</b>
574	<b>Net change in cash and cash equivalents</b>		<b>(6,704)</b>	<b>396</b>
13,850	Cash and cash equivalents at beginning of year		12,850	12,454
14,424	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>6,146</b>	<b>12,850</b>
–	plus: Investments on hand at end of year	C1-2	–	1,000
14,424	<b>Total cash, cash equivalents and investments</b>		<b>6,146</b>	<b>13,850</b>

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

## Weddin 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 15 December 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

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

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

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

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

- (i) Impairment of receivables – 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.
- (iv) Estimated fair values of infrastructure, property, plant and equipment.

Council has made significant judgements in calculating the fair value of its infrastructure, property, plant and equipment - refer Note C1-7.

- (v) Estimated tip remediation liabilities

Council has made significant judgements in calculating the timing and value of its tip remediation liabilities - refer Note C3-5.

- (vi) Employee benefit provisions

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## A1-1 Basis of preparation (continued)

Council has made significant judgements concerning the timing of its Employee benefit provisions - refer Note C3-4.

### Monies and other assets received by Council

#### The Consolidated Fund

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

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

- General purpose operations
- Sewerage service

#### The Trust Fund

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

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

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council does not make use of volunteer services.

### 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 period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

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

### New accounting standards adopted during the year

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

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

## B Financial Performance

### B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022 Restated	2023	2022 Restated	2023	2022	2023	2022 Restated
<b>\$ '000</b>										
<b>Functions or activities</b>										
Community and Culture	269	481	866	732	(597)	(251)	190	377	14,729	14,440
Local Economy	298	101	563	333	(265)	(232)	179	–	–	–
Environmental	4,005	3,831	2,480	2,282	1,525	1,549	40	14	15,989	15,523
Infrastructure	28,377	8,022	15,215	8,190	13,162	(168)	19,209	6,027	198,853	178,304
Government and Representation	3,651	3,090	3,069	2,845	582	245	3,046	2,787	22,673	22,013
Share of Central Tablelands Water	376	365	–	–	376	365	–	–	37,754	34,721
Sewer Services	694	2,676	1,134	379	(440)	2,297	44	2,030	21,331	19,127
<b>Total functions and activities</b>	<b>37,670</b>	<b>18,566</b>	<b>23,327</b>	<b>14,761</b>	<b>14,343</b>	<b>3,805</b>	<b>22,708</b>	<b>11,235</b>	<b>311,329</b>	<b>284,128</b>



## B1-2 Components of functions or activities

---

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

### Community and Culture

- Art Gallery
- Community Technology Centre
- Emergency Services
- Library
- Taxi

### Local Economy

- Caravan Park
- Economic Development
- Tourism

### Environmental

- Animal Control
- Council Buildings & Property
- Heritage
- Planning & Building
- Swimmings Pools
- Waste
- Weeds

### Infrastructure

- Cemeteries
- Depot
- Engineering
- Parks & Gardens
- Plant
- Private Works
- Public Conveniences
- Transport for NSW
- Roads & Transportation
- Stormwater

### Government and Representation

- Corporate
- General Revenue
- Governance

### Sewer Fund

- Sewer

### Central Tablelands Water

- Councils share of Central Tablelands Water

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	1,028	996
Farmland	1,808	1,767
Mining	7	7
Business	138	137
Less: pensioner rebates (mandatory)	(110)	(111)
<b>Rates levied to ratepayers</b>	<b>2,871</b>	<b>2,796</b>
Pensioner rate subsidies received	60	61
<b>Total ordinary rates</b>	<b>2,931</b>	<b>2,857</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	497	442
Sewerage services	619	591
Waste management services (non-domestic)	159	139
Less: pensioner rebates (mandatory)	(27)	(28)
<b>Annual charges levied</b>	<b>1,248</b>	<b>1,144</b>
Pensioner annual charges subsidies received:		
– Sewerage	15	15
<b>Total annual charges</b>	<b>1,263</b>	<b>1,159</b>
<b>Total rates and annual charges</b>	<b>4,194</b>	<b>4,016</b>
<b>Timing of revenue recognition for rates and annual charges</b>		
Rates and annual charges recognised at a point in time	4,194	4,016
<b>Total rates and annual charges</b>	<b>4,194</b>	<b>4,016</b>

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

#### Accounting policy

Rates and annual charges are recognised as revenue at the 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.

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	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>		
Sewerage services	23	25
Other	–	1
<b>Total specific user charges</b>	<b>23</b>	<b>26</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>		
Building regulation	41	50
Private works – section 67	23	22
Town planning	50	52
<b>Total fees and charges – statutory/regulatory</b>	<b>114</b>	<b>124</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>		
Caravan park	107	79
Cemeteries	76	54
Leaseback fees – Council vehicles	26	19
Transport for NSW works (state roads not controlled by Council)	9,083	2,012
Swimming centres	46	42
Waste disposal tipping fees	10	5
Community technology centre	63	75
Other	78	70
<b>Total fees and charges – other</b>	<b>9,489</b>	<b>2,356</b>
<b>Total other user charges and fees</b>	<b>9,603</b>	<b>2,480</b>
<b>Total user charges and fees</b>	<b>9,626</b>	<b>2,506</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised at a point in time	9,626	2,506
<b>Total user charges and fees</b>	<b>9,626</b>	<b>2,506</b>

**Accounting policy**

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases 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.

**B2-3 Other revenues**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
Legal fees recovery – rates and charges (extra charges)	8	4
Commissions and agency fees	62	65
Diesel rebate	29	27
Recycling income (non-domestic)	61	57
Insurance rebates	46	51
Other	141	85
<b>Total other revenue</b>	<b>347</b>	<b>289</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised at a point in time	347	289
<b>Total other revenue</b>	<b>347</b>	<b>289</b>

**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 are recognised as revenue when the service has been provided or the payment is received, whichever occurs first.

Fines are recognised as revenue when the penalty is paid.

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	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	653	1,023	–	–
Financial assistance – local roads component	326	558	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	2,379	1,571	–	–
Financial assistance – local roads component	1,271	861	–	–
<b>Amount recognised as income during current year</b>	<b>4,629</b>	<b>4,013</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Sewerage services	–	–	–	2,030
Bushfire and emergency services	119	289	–	–
Employment and training programs	25	–	–	–
Environmental programs	–	–	7	–
Heritage and cultural	11	22	10	–
Library – per capita	71	70	–	–
Noxious weeds	42	41	–	–
Storm/flood damage	5,265	–	–	–
Stronger Country Communities	–	–	644	254
Street lighting	35	69	–	–
Drought Communities	–	–	59	151
Transport (roads to recovery)	763	445	–	–
Transport (other roads and bridges funding)	–	–	1,376	1,104
Planning portal	84	14	–	–
Fixing local roads	370	–	7,048	1,697
Local roads and community infrastructure	–	–	930	5
Recreation and culture	189	68	–	–
Cemetery upgrade	–	–	–	4
Other specific grants	161	123	–	–
Transport for NSW contributions (regional roads, block grant)	826	810	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>7,961</b>	<b>1,951</b>	<b>10,074</b>	<b>5,245</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>7,961</b>	<b>1,951</b>	<b>10,074</b>	<b>5,245</b>
<b>Total grants and non-developer contributions</b>	<b>12,590</b>	<b>5,964</b>	<b>10,074</b>	<b>5,245</b>
<b>Comprising:</b>				
– Commonwealth funding	5,392	4,493	1,239	406
– State funding	7,198	1,471	8,835	4,839
	<b>12,590</b>	<b>5,964</b>	<b>10,074</b>	<b>5,245</b>

continued on next page

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## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G4				
<b>Cash contributions</b>					
S 64 – sewerage service contributions		–	–	44	26
<b>Total developer contributions – cash</b>		–	–	44	26
<b>Total developer contributions</b>		–	–	44	26
<b>Total contributions</b>		–	–	44	26
<b>Total grants and contributions</b>		<b>12,590</b>	5,964	<b>10,118</b>	5,271
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		370	445	7,590	3,990
Grants and contributions recognised at a point in time		12,220	5,519	2,528	1,281
<b>Total grants and contributions</b>		<b>12,590</b>	5,964	<b>10,118</b>	5,271

continued on next page

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## 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
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	28	28	7,579	6,671
<b>Add:</b> Funds received and not recognised as revenue in the current year	-	-	1,848	2,540
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions				
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,308	-	-	-
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(28)	-	(5,307)	(1,632)
<b>Unspent Grants at 30 June</b>	<b>2,308</b>	<b>28</b>	<b>4,120</b>	<b>7,579</b>

Unspent capital grants for the construction of assets and unspent operating grants for provision of goods and services.

### Contributions

Unspent funds at 1 July	-	-	58	222
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	44	26
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	-	(190)
<b>Unspent contributions at 30 June</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>58</b>

Unspent Section 64 contributions.

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

### Capital grants

continued on next page

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## B2-4 Grants and contributions (continued)

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

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

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

### Developer contributions

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

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

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

### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	21	16
– Cash and investments	259	50
<b>Total interest and investment income (losses)</b>	<b>280</b>	<b>66</b>

### Accounting policy

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

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



## B2-6 Other income

\$ '000	Notes	2023	2022
<b>Rental income</b>			
<b>Other lease income</b>			
Residential Rental		15	24
Commercial Rental		82	65
Tower Rental		-	-
<b>Total other lease income</b>		<b>97</b>	<b>89</b>
<b>Total rental income</b>	C2-2	<b>97</b>	<b>89</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Associates		376	365
<b>Total net share of interests in joint ventures and associates using the equity method</b>	D2-2,D2-3	<b>376</b>	<b>365</b>
<b>Total other income</b>		<b>473</b>	<b>454</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	4,561	3,605
Superannuation	602	447
Workers' compensation insurance	254	218
Fringe benefit tax (FBT)	45	42
<b>Total employee costs</b>	<b>5,462</b>	<b>4,312</b>
<b>Total employee costs expensed</b>	<b>5,462</b>	<b>4,312</b>

#### Accounting policy

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

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

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

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

**B3-2 Materials and services**

\$ '000	Notes	2023	2022
Raw materials and consumables		2,599	1,786
Contractor costs		8,462	3,024
Audit Fees	F2-1	45	36
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	156	140
Advertising		27	52
Electricity and heating		164	161
Insurance		375	307
Postage		12	10
Street lighting		97	81
Telephone and communications		41	41
Travel expenses		21	–
Training costs (other than salaries and wages)		65	50
<b>Legal expenses:</b>			
– Legal expenses: other		12	70
Expenses from leases of low value assets		16	10
<b>Total materials and services</b>		<b>12,092</b>	<b>5,768</b>
<b>Total materials and services</b>		<b>12,092</b>	<b>5,768</b>

**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
<b>(i) Interest bearing liability costs</b>			
Interest on leases		–	1
Interest on loans		<u>163</u>	<u>180</u>
<b>Total interest bearing liability costs</b>		<u>163</u>	<u>181</u>
<b>Total interest bearing liability costs expensed</b>		<u>163</u>	<u>181</u>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	<u>23</u>	<u>28</u>
<b>Total other borrowing costs</b>		<u>23</u>	<u>28</u>
<b>Total borrowing costs expensed</b>		<u>186</u>	<u>209</u>

**Accounting policy**

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

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

\$ '000	Notes	2023	2022 Restated
<b>Depreciation and amortisation</b>			
Plant and equipment		533	499
Office equipment		48	42
Furniture and fittings		8	9
<b>Infrastructure:</b>			
– Buildings – non-specialised	C1-7	511	395
– Buildings – specialised		186	141
– Other structures		115	95
– Roads		2,796	1,976
– Bridges		409	377
– Footpaths		22	20
– Stormwater drainage		103	97
– Sewerage network		258	273
– Swimming pools		165	165
Right of use assets	C2-1	8	9
<b>Other assets:</b>			
– Library books		28	27
– Other		1	1
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Asset reinstatement costs	C3-5,C1-7	20	33
<b>Total gross depreciation and amortisation costs</b>		<b>5,211</b>	<b>4,159</b>
<b>Total depreciation and amortisation costs</b>		<b>5,211</b>	<b>4,159</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>5,211</b>	<b>4,159</b>

#### Accounting policy

##### Depreciation and amortisation

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

##### Impairment of non-financial assets

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

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

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

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

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

### B3-5 Other expenses

\$ '000	Notes	2023	2022
<b>Impairment of receivables</b>			
Other		–	9
<b>Total impairment of receivables</b>	C1-4	<b>–</b>	<b>9</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy		10	5
– NSW fire brigade levy		32	28
– NSW rural fire service levy		318	238
Donations, contributions and assistance to other organisations (Section 356)		16	33
<b>Total other</b>		<b>376</b>	<b>304</b>
<b>Total other expenses</b>		<b>376</b>	<b>313</b>

#### Accounting policy

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

Impairment expenses are recognised when identified.

### B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		42	–
Less: carrying amount of property assets sold/written off		–	–
<b>Gain (or loss) on disposal</b>		<b>42</b>	<b>–</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		–	–
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Less: carrying amount of real estate assets sold/written off		–	–
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>42</b>	<b>–</b>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 30 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
<b>User charges and fees</b>	3,009	9,626	6,617	220% <b>F</b>
Transport for NSW works was significantly higher than budgeted due to flood damage on State Highways.				
<b>Other revenues</b>	160	347	187	117% <b>F</b>
Council received significantly more other revenue than budgeted, due to the budget being conservative.				
<b>Operating grants and contributions</b>	5,180	12,590	7,410	143% <b>F</b>
Operating grants and contributions were significantly higher than budget due to storm and flood damage grants and receiving 100% allocation of the 2023/24 financial assistance grant this year.				
<b>Capital grants and contributions</b>	-	10,118	10,118	∞ <b>F</b>
Council did not budget for any capital grants but received significant funding for storm and flood damage, fixing local roads programs.				
<b>Interest and investment revenue</b>	60	280	220	367% <b>F</b>
Interest revenue was significantly higher than budget due to higher interest rates on investments.				
<b>Net gains from disposal of assets</b>	215	42	(173)	(80)% <b>U</b>
Council budgeted to dispose of more plant and equipment assets during the year than actually occurred.				
<b>Other income</b>	111	473	362	326% <b>F</b>
Other income was significantly higher than budget due to the income received from the Central Tablelands Water joint venture.				
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	4,256	5,462	(1,206)	(28)% <b>U</b>
Employee benefits were significantly higher than budget due to Council increasing the number of staff during the year to meet its road work commitments and adjustments in salaries and wages due to a full organisational review.				
<b>Materials and services</b>	3,553	12,092	(8,539)	(240)% <b>U</b>
Materials and services were significantly higher than budget due to increased contractor costs and raw materials used in the repairing of road assets after the flood damage.				
<b>Borrowing costs</b>	215	186	29	13% <b>F</b>
Borrowing costs are lower than budgeted due to the budget anticipating higher interest rates on the loans.				

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**B5-1 Material budget variations (continued)**

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Depreciation, amortisation and impairment of non-financial assets</b>	3,278	5,211	(1,933)	(59)% <b>U</b>
Depreciation was significantly higher than budget due to increased depreciation on roads, bridges, footpaths, stormwater drainage and buildings following revaluations.				
<b>Other expenses</b>	1,549	376	1,173	76% <b>F</b>
Other expenses are significantly lower than budget due to misallocations within the budget for items that should have been disclosed within materials and services.				

**Statement of cash flows**

<b>Cash flows from operating activities</b>	3,450	6,051	2,601	75% <b>F</b>
Cash flows from operating activities were significantly higher than budget due to increased user charges and fees, increased grant income and increased payments to employees and materials and services due to the flooding that occurred across the Shire during the year.				
<b>Cash flows from investing activities</b>	(2,731)	(12,348)	(9,617)	352% <b>U</b>
Cash out flows from investing activities were significantly higher than budget due to increased levels of investment in infrastructure, property, plant and equipment.				
<b>Cash flows from financing activities</b>	(145)	(407)	(262)	181% <b>U</b>
Cash outflows from financing activities were higher than budget due to the budget anticipating a draw down of a loan facility that did not occur during the year.				



## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	3,646	2,850
Cash equivalent assets		
– Short-term deposits	2,500	10,000
<b>Total cash and cash equivalents</b>	<b>6,146</b>	<b>12,850</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	6,146	12,850
<b>Balance as per the Statement of Cash Flows</b>	<b>6,146</b>	<b>12,850</b>

#### Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes 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.

#### C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	–	–	1,000	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>1,000</b>	<b>–</b>
<b>Total financial investments</b>	<b>–</b>	<b>–</b>	<b>1,000</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>6,146</b>	<b>–</b>	<b>13,850</b>	<b>–</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

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## C1-2 Financial investments (continued)

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### **Amortised cost**

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

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>6,146</b>	13,850
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>(1,108)</b>	5,080
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	4,120	7,579
<b>External restrictions – included in liabilities</b>	<b>4,120</b>	7,579
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – sewer fund	102	58
Specific purpose unexpended grants - general fund	2,308	28
Sewer fund	724	1,105
<b>External restrictions – other</b>	<b>3,134</b>	1,191
<b>Total external restrictions</b>	<b>7,254</b>	8,770

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.

\$ '000	2023	2022
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>(1,108)</b>	5,080
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	–	287
Employees leave entitlement	–	500
Domestic Waste Management	–	50
Development projects	–	81
Gravel pits	–	36
Office equipment	–	40
Town and shire works	–	2,432
Financial Assistance Grant advance payment	–	1,343
<b>Total internal allocations</b>	<b>–</b>	4,769

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

**Negative unrestricted cash**

Council's negative unrestricted cash of \$1.108 million represents a breach of section 409(3) of the LG Act.

Due to timing differences in the receipt of payments for infrastructure projects in the final two quarters of 2022/23, Council has utilised restricted funds to keep these projects progressing.

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

The Council has needed to use funds raised by special rates and charges for sewer fund to pay for general fund expenses. Council acknowledges it has used restricted sewer funds for purposes other than their intended use, without Ministerial approval.

Further, Council has also used funds received for other specific purpose grants to pay for general fund expenses. Council acknowledges it has used restricted specific purpose grant funds for purposes other than their intended use, without approval of the Grantor.

Such unapproved use would not comply with section 410(3) of the LG Act.

At 30 June 2023, Council had Road Maintenance Council Contracts (RMCC) claims in excess of \$5 million as contract assets (refer to Note C1-6) for works delivered during the 2022/23 financial year. Since 30 June 2023, these restricted funds have been refunded as the RMCC funding has been received. Hence, the financial statements for the year ended 30 June 2023 are prepared on a going concern basis.

## C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	485	–	393	–
User charges and fees	362	–	358	–
Private works	1	–	1	–
Accrued revenues				
– Other income accruals	8	–	18	–
Deferred debtors	60	79	73	147
Net GST receivable	448	–	61	–
<b>Total</b>	<b>1,364</b>	<b>79</b>	<b>904</b>	<b>147</b>
<b>Less: provision for impairment</b>				
User charges and fees	(14)	–	(14)	–
<b>Total provision for impairment – receivables</b>	<b>(14)</b>	<b>–</b>	<b>(14)</b>	<b>–</b>
<b>Total net receivables</b>	<b>1,350</b>	<b>79</b>	<b>890</b>	<b>147</b>

## Accounting policy

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

## Impairment

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

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

## C1-5 Inventories

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	–	83	–	83
Stores and materials	225	–	326	–
<b>Total inventories at cost</b>	<b>225</b>	<b>83</b>	<b>326</b>	<b>83</b>
<b>Total inventories</b>	<b>225</b>	<b>83</b>	<b>326</b>	<b>83</b>

**(i) Other disclosures**

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
<b>(a) Details for real estate development</b>				
Industrial/commercial	–	83	–	83
<b>Total real estate for resale</b>	<b>–</b>	<b>83</b>	<b>–</b>	<b>83</b>

**Accounting policy****Raw materials and stores, work in progress and finished goods**

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

**Land held for resale**

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

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

## C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2022 Current
Contract assets	11,258	–
<b>Total contract assets</b>	<b>11,258</b>	<b>–</b>

### Contract assets

Infrastructure grants	5,746	–
RMCC works	5,512	–
<b>Total contract assets</b>	<b>11,258</b>	<b>–</b>

### Accounting policy

#### Contract assets

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

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

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

## C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period						At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>												
Capital work in progress	4,292	–	4,292	2,385	–	–	–	(1,432)	–	5,245	–	5,245
Plant and equipment	7,412	(4,483)	2,929	–	326	(533)	–	–	–	7,738	(5,016)	2,722
Office equipment	1,352	(1,040)	312	–	30	(48)	–	–	–	1,382	(1,088)	294
Furniture and fittings	186	(142)	44	–	–	(8)	–	–	–	186	(150)	36
<b>Land:</b>												
– Operational land	1,573	–	1,573	–	–	–	–	–	295	1,868	–	1,868
– Community land	1,558	–	1,558	–	–	–	–	–	78	1,636	–	1,636
<b>Infrastructure:</b>												
– Buildings – non-specialised	15,772	(9,137)	6,635	–	1,485	(511)	–	–	940	17,392	(8,843)	8,549
– Buildings – specialised	6,561	(3,008)	3,553	–	–	(186)	–	–	3,082	9,502	(3,053)	6,449
– Other structures	3,585	(737)	2,848	175	–	(115)	–	–	195	4,016	(912)	3,104
– Roads	131,606	(59,926)	71,680	5,813	–	(2,796)	(5,073)	1,432	4,070	146,628	(71,502)	75,126
– Bridges	49,090	(15,305)	33,785	–	–	(409)	–	–	1,973	51,991	(16,642)	35,349
– Footpaths	2,216	(739)	1,477	–	–	(22)	–	–	86	2,347	(806)	1,541
– Bulk earthworks (non-depreciable)	70,317	–	70,317	1,537	–	–	–	–	4,156	76,010	–	76,010
– Stormwater drainage	12,367	(4,889)	7,478	1,371	–	(103)	–	–	568	14,691	(5,377)	9,314
– Sewerage network	25,399	(6,569)	18,830	–	313	(258)	–	–	1,432	27,670	(7,353)	20,317
– Swimming pools	7,832	(1,530)	6,302	60	–	(165)	–	–	439	8,452	(1,816)	6,636
<b>Other assets:</b>												
– Library books	646	(489)	157	–	21	(28)	–	–	–	668	(518)	150
– Other	79	(40)	39	–	–	(1)	–	–	3	84	(44)	40
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>												
– Tip assets	625	(332)	293	–	–	(20)	–	(45)	–	580	(352)	228
<b>Total infrastructure, property, plant and equipment</b>	<b>342,468</b>	<b>(108,366)</b>	<b>234,102</b>	<b>11,341</b>	<b>2,175</b>	<b>(5,203)</b>	<b>(5,073)</b>	<b>(45)</b>	<b>17,317</b>	<b>378,086</b>	<b>(123,472)</b>	<b>254,614</b>

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period					At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Depreciation expense Restated	Adjustments and transfers	Revaluation increments to equity (ARR) Restated	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
<b>\$ '000</b>											
Capital work in progress	12,190	–	12,190	1,300	1,832	–	(11,030)	–	4,292	–	4,292
Plant and equipment	7,070	(3,983)	3,087	23	320	(499)	–	–	7,412	(4,483)	2,929
Office equipment	1,203	(998)	205	–	149	(42)	–	–	1,352	(1,040)	312
Furniture and fittings	182	(133)	49	–	3	(9)	–	–	186	(142)	44
<b>Land:</b>											
– Operational land	1,353	–	1,353	–	–	–	108	112	1,573	–	1,573
– Community land	1,439	–	1,439	–	–	–	–	119	1,558	–	1,558
<b>Infrastructure:</b>											
– Buildings – non-specialised	14,505	(7,805)	6,700	–	–	(395)	–	330	15,772	(9,137)	6,635
– Buildings – specialised	5,877	(2,459)	3,418	–	–	(141)	–	276	6,561	(3,008)	3,553
– Other structures	3,127	(576)	2,551	25	130	(95)	–	237	3,585	(737)	2,848
– Roads	117,227	(52,211)	65,016	1,559	–	(1,976)	540	6,542	131,606	(59,926)	71,680
– Bridges	44,151	(13,462)	30,689	264	–	(377)	–	3,210	49,090	(15,305)	33,785
– Footpaths	1,659	(649)	1,010	382	–	(20)	–	104	2,216	(739)	1,477
– Bulk earthworks (non-depreciable)	63,434	–	63,434	169	–	–	–	6,714	70,317	–	70,317
– Stormwater drainage	10,971	(4,527)	6,444	–	817	(97)	–	313	12,367	(4,889)	7,478
– Sewerage network	13,475	(11,309)	2,166	–	2,064	(273)	10,382	4,491	25,399	(6,569)	18,830
– Swimming pools	7,139	(1,229)	5,910	–	–	(165)	–	557	7,832	(1,530)	6,302
<b>Other assets:</b>											
– Library books	617	(462)	155	–	29	(27)	–	–	646	(489)	157
– Other	72	(36)	36	–	–	(1)	–	4	79	(40)	39
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>											
– Tip assets	830	(299)	531	–	–	(33)	(205)	–	625	(332)	293
<b>Total infrastructure, property, plant and equipment</b>	<b>306,521</b>	<b>(100,138)</b>	<b>206,383</b>	<b>3,722</b>	<b>5,344</b>	<b>(4,150)</b>	<b>(205)</b>	<b>23,009</b>	<b>342,468</b>	<b>(108,366)</b>	<b>234,102</b>

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

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

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

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

	Useful lives
Plant, office equipment, furniture and fittings	10
Infrastructure:	
– Buildings and other structures	20 to 40
– Roads, bridges and footpaths	19 to 160
– Bulk earthworks	infinite
– Stormwater drainage	109 to 120
– Sewerage network	15 to 85
– Open space / recreational assets	10 to 80
– Swimming pools	15 to 50
Library Books	10
Playground equipment, benches	5 to 20
Tip assets	25

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

#### Revaluation model

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

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

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

#### Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

#### 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.

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

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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".

Council have made the position that legislated ownership is not an Accounting Standard for the recognition of Property, Plant, and Equipment assets. Council will not be recognising Rural Fire Service Assets.

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

#### Terms and conditions of leases

##### Vehicles

Council leases an item of plant with lease terms of 5 years; the lease payments are fixed during the lease term and there is no renewal option.

##### Office and IT equipment

Leases for photocopiers are for low value assets. The leases are for 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

#### (a) Right of use assets

\$ '000	Plant & Equipment	Total
<b>2023</b>		
Opening balance at 1 July	8	8
Depreciation charge	(8)	(8)
<b>Balance at 30 June</b>	<b>—</b>	<b>—</b>
<b>2022</b>		
Opening balance at 1 July	17	17
Depreciation charge	(9)	(9)
<b>Balance at 30 June</b>	<b>8</b>	<b>8</b>

#### (b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	—	—	9	—
<b>TOTAL LEASE LIABILITIES at 30 June 2022</b>	<b>—</b>	<b>—</b>	<b>9</b>	<b>—</b>

#### (c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2023</b>					
Cash flows	—	—	—	—	—
<b>2022</b>					
Cash flows	9	—	—	9	9

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

### (d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	–	1
Depreciation of right of use assets	8	9
Expenses relating to low-value leases	16	10
	<b>24</b>	<b>20</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	9	8
	<b>9</b>	<b>8</b>

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

Council has a of leases at significantly below market for a buildings which are used for:

- community arts centre
- railway station, used for recreation

The leases are generally varying terms and require payments of a maximum amount of \$500 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

#### Accounting policy

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

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

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

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

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

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

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

#### Exceptions to lease accounting

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

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

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

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

## C2-2 Council as a lessor

### Operating leases

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

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

\$ '000	2023	2022
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#### (ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of medical services and community groups,

Lease income (excluding variable lease payments not dependent on an index or rate)	97	89
<b>Total income relating to operating leases for Council assets</b>	<b>97</b>	<b>89</b>

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

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

< 1 year	46	46
1–2 years	24	46
2–3 years	19	24
3–4 years	19	19
4–5 years	19	19
> 5 years	16	35
<b>Total undiscounted lease payments to be received</b>	<b>143</b>	<b>189</b>

### Accounting policy

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

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

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

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

### C3 Liabilities of Council

#### C3-1 Payables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	2,645	–	774	–
Accrued expenses:				
– Borrowings	19	–	(2)	–
– Salaries and wages	197	4	156	1
– Other expenditure accruals	46	–	21	–
Security bonds, deposits and retentions	218	–	235	–
Prepaid rates	97	–	89	–
<b>Total payables</b>	<b>3,222</b>	<b>4</b>	<b>1,273</b>	<b>1</b>

#### Accounting policy

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

#### Payables

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	2023	2022	2022
		Current	Non-current	Current	Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	4,106	–	7,235	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	14	–	344	–
<b>Total grants received in advance</b>		<b>4,120</b>	<b>–</b>	<b>7,579</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>4,120</b>	<b>–</b>	<b>7,579</b>	<b>–</b>

#### Notes

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

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

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

\$ '000	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	5,189	6,653
Operating grants (received prior to performance obligation being satisfied)	339	18
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>5,528</b>	<b>6,671</b>

#### Accounting policy

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



### C3-3 Borrowings

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	407	3,675	397	4,083
<b>Total borrowings</b>	<b>407</b>	<b>3,675</b>	<b>397</b>	<b>4,083</b>

(1) Loans for infrastructure are secured over the general rating income of Council, loans for plant purchases are secured against the plant item.

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

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

\$ '000	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
Loans – secured	4,480	(398)	-	-	-	-	4,082
Lease liability (Note C2-1b)	9	(9)	-	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>4,489</b>	<b>(407)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,082</b>

\$ '000	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
Loans – secured	4,571	(323)	232	-	-	-	4,480
Lease liability (Note C2-1b)	18	(9)	-	-	-	-	9
<b>Total liabilities from financing activities</b>	<b>4,589</b>	<b>(332)</b>	<b>232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,489</b>

#### (b) Financing arrangements

\$ '000	2023	2022
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	250	250
Credit cards/purchase cards	50	50
<b>Total financing arrangements</b>	<b>300</b>	<b>300</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	12	10
<b>Total drawn financing arrangements</b>	<b>12</b>	<b>10</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	38	40
<b>Total undrawn financing arrangements</b>	<b>288</b>	<b>290</b>

(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.

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### C3-3 Borrowings (continued)

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	466	–	447	–
Long service leave	620	85	626	26
<b>Total employee benefit provisions</b>	<b>1,086</b>	<b>85</b>	<b>1,073</b>	<b>26</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	885	875
	<b>885</b>	<b>875</b>

#### Description of and movements in provisions

##### Accounting policy

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

##### Short-term obligations

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

##### Other long-term employee benefit obligations

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

##### On-costs

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

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

### C3-5 Provisions

\$ '000	2023		2022	
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	561	–	581
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>561</b>	<b>–</b>	<b>581</b>
<b>Total provisions</b>	<b>–</b>	<b>561</b>	<b>–</b>	<b>581</b>

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2023</b>		
At beginning of year	581	581
Unwinding of discount	23	23
Remeasurement effects	(43)	(43)
Total other provisions at end of year	561	561
<b>2022</b>		
At beginning of year	757	757
<b>Changes to provision:</b>		
– Revised costs	(205)	(205)
Unwinding of discount	29	29
Total other provisions at end of year	581	581

### Nature and purpose of provisions

#### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

#### 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.

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### C3-5 Provisions (continued)

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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

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#### **IPPE Revaluation reserve**

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2023	Sewer 2023
<b>Income from continuing operations</b>		
Rates and annual charges	3,573	621
User charges and fees	9,601	25
Interest and investment income	277	3
Other revenues	347	-
Grants and contributions provided for operating purposes	12,590	-
Grants and contributions provided for capital purposes	10,074	44
Net gains from disposal of assets	42	-
Other income	473	-
<b>Total income from continuing operations</b>	<b>36,977</b>	<b>693</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	5,100	362
Materials and services	11,580	512
Borrowing costs	186	-
Depreciation, amortisation and impairment of non-financial assets	4,953	258
Other expenses	376	-
<b>Total expenses from continuing operations</b>	<b>22,195</b>	<b>1,132</b>
<b>Operating result from continuing operations</b>	<b>14,782</b>	<b>(439)</b>
<b>Net operating result for the year</b>	<b>14,782</b>	<b>(439)</b>
<b>Net operating result attributable to each council fund</b>	<b>14,782</b>	<b>(439)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>4,708</b>	<b>(483)</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Sewer 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,320	826
Receivables	1,272	78
Inventories	225	-
Contract assets and contract cost assets	11,258	-
<b>Total current assets</b>	<b>18,075</b>	<b>904</b>
<b>Non-current assets</b>		
Receivables	79	-
Inventories	83	-
Infrastructure, property, plant and equipment	234,187	20,427
Investments accounted for using the equity method	37,574	-
<b>Total non-current assets</b>	<b>271,923</b>	<b>20,427</b>
<b>Total assets</b>	<b>289,998</b>	<b>21,331</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	3,222	-
Contract liabilities	4,120	-
Borrowings	407	-
Employee benefit provision	1,067	19
<b>Total current liabilities</b>	<b>8,816</b>	<b>19</b>
<b>Non-current liabilities</b>		
Payables	4	-
Borrowings	3,675	-
Employee benefit provision	85	-
Provisions	561	-
<b>Total non-current liabilities</b>	<b>4,325</b>	<b>-</b>
<b>Total liabilities</b>	<b>13,141</b>	<b>19</b>
<b>Net assets</b>	<b>276,857</b>	<b>21,312</b>
<b>EQUITY</b>		
Accumulated surplus	176,320	14,769
Revaluation reserves	100,537	6,543
<b>Council equity interest</b>	<b>276,857</b>	<b>21,312</b>
<b>Total equity</b>	<b>276,857</b>	<b>21,312</b>

## D2 Interests in other entities

\$ '000	Council's share of net assets	
	2023	2022
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Associates	37,574	34,722
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>37,574</b>	<b>34,722</b>
<b>Total Council's share of net assets</b>	<b>37,574</b>	<b>34,722</b>

### Interests in associates

#### Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership		2023		2022	
			2023	2022	2023	2022		
Central Tablelands Water County Council	Blayney	Associate	33%	33%	37,574		34,722	
<b>Total carrying amounts – material associates</b>					<b>37,574</b>		<b>34,722</b>	

#### Central Tablelands Water County Council

Central Tablelands Water County Council is a water authority supplying water to the shires of Blayney, Weddin and Cabonne.

Council has incorporated the following associates into its consolidated financial statements. Note this information is based upon financial statements for the year ended 30 June 2023 being the most recent financial statements available.

#### Details

	Principal activity	Measurement method
Central Tablelands Water County Council	Maintains and administers water supply schemes	Equity method

#### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2023	2022	2023	2022
Central Tablelands Water County Council	33%	33%	33%	33%

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## D2-1 Interests in associates (continued)

## Summarised financial information for associates

\$ '000	Central Tablelands Water County Council	
	2023	2022
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,268	933
Other current assets	8,958	8,862
<b>Non-current assets</b>	<b>103,097</b>	<b>95,822</b>
<b>Current liabilities</b>		
Other current liabilities	1,569	1,431
<b>Non-current liabilities</b>		
Non-current financial liabilities (excluding trade and other payables and provisions)	21	11
<b>Net assets</b>	<b>112,733</b>	<b>104,175</b>
<b>Statement of comprehensive income</b>		
Income	8,639	7,785
Interest income	289	67
Depreciation and amortisation	(2,727)	(2,340)
Interest expense	–	(11)
Other expenses	(5,073)	(4,406)
<b>Profit/(loss) from continuing operations</b>	<b>1,128</b>	<b>1,095</b>
<b>Profit/(loss) for period</b>	<b>1,128</b>	<b>1,095</b>
Other comprehensive income	7,430	13,634
<b>Total comprehensive income</b>	<b>8,558</b>	<b>14,729</b>
<b>Share of income – Council (%)</b>	<b>33%</b>	<b>33%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>376</b>	<b>365</b>
<b>Total comprehensive income – Council (\$)</b>	<b>2,852</b>	<b>4,909</b>
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	104,175	89,446
Profit/(loss) for the period	1,128	1,095
Other comprehensive income – revaluations	7,430	13,634
<b>Closing net assets</b>	<b>112,733</b>	<b>104,175</b>
<b>Council's share of net assets (%)</b>	<b>33%</b>	<b>33%</b>
<b>Council's share of net assets (\$)</b>	<b>37,574</b>	<b>34,722</b>



## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

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

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

The risks associated with the financial instruments held are:

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

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

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

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	57	110

#### (b) Credit risk

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
<b>2023</b>				
Gross carrying amount	–	364	121	485
2022				
Gross carrying amount	–	286	107	393

#### 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	<30 days overdue	30 - 60 days overdue	60 - 90 days overdue	> 90 days overdue	Total
<b>2023</b>						
Gross carrying amount	12,097	82	3	7	27	12,216
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	53.00%	0.12%
ECL provision	–	–	–	–	14	14
2022						
Gross carrying amount	441	176	4	10	27	658
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	53.00%	2.17%
ECL provision	–	–	–	–	14	14

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

### (c) Liquidity risk

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

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

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

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

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

The amounts disclosed in the table 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		
<b>2023</b>							
Payables	0.00%	218	3,008	–	–	3,226	3,226
Borrowings	3.83%	–	556	2,554	2,045	5,155	4,082
<b>Total financial liabilities</b>		<b>218</b>	<b>3,564</b>	<b>2,554</b>	<b>2,045</b>	<b>8,381</b>	<b>7,308</b>
<b>2022</b>							
Payables	0.00%	235	1,060	–	–	1,295	1,274
Borrowings	4.17%	–	396	1,364	2,720	4,480	4,480
<b>Total financial liabilities</b>		<b>235</b>	<b>1,456</b>	<b>1,364</b>	<b>2,720</b>	<b>5,775</b>	<b>5,754</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets

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).

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
				Restated	Restated		
<b>Recurring fair value measurements</b>							
<b>Infrastructure, property, plant and equipment</b>		C1-7					
Plant and equipment		–	–	2,722	2,929	2,722	2,929
Office equipment		–	–	294	312	294	312
Furniture and fittings		–	–	36	44	36	44
Operational land		–	–	1,868	1,573	1,868	1,573
Community land		–	–	1,636	1,558	1,636	1,558
Buildings – non specialised		–	–	8,549	6,635	8,549	6,635
Buildings – specialised		–	–	6,449	3,553	6,449	3,553
Other structures		–	–	3,104	2,848	3,104	2,848
Roads		–	–	75,126	71,680	75,126	71,680
Bridges		–	–	35,349	33,785	35,349	33,785
Footpaths		–	–	1,541	1,477	1,541	1,477
Bulk earthworks		–	–	76,010	70,317	76,010	70,317
Stormwater drainage		–	–	9,314	7,478	9,314	7,478
Sewerage network		–	–	20,317	18,830	20,317	18,830
Swimming pools		–	–	6,636	6,302	6,636	6,302
Library books		–	–	150	157	150	157
Other assets		–	–	40	39	40	39
Reinstatement tip assets		–	–	228	293	228	293
Work in Progress		–	–	5,245	4,292	5,245	4,292
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>254,614</b>	<b>234,102</b>	<b>254,614</b>	<b>234,102</b>

### 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) Plant & Equipment, Office Equipment and Furniture & Fittings

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## E2-1 Fair value measurement (continued)

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Examples of assets within these classes are as follows:

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators etc.
- Furniture & Fittings - Chairs, desks etc.

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

### Operational & Community Land

The valuation of Council's operational land was undertaken at 30 June 2023 by Shepherd Asset Management Services with the direct comparison method.

Community land values are based on the Land Value provided by the Valuer-General as these are considered representative of the actual market values in the Weddin Shire LGA. The valuations have been updated as at 30 June 2023.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

### Buildings Non Specialised & Specialised

The valuation of Council's Buildings – Non-Specialised & Specialised was undertaken at 30 June 2023 by Shepherd Asset Management Services using the cost approach to determine Depreciated Replacement Cost.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

### Other Structures

Other Structures were valued by Shepherd Asset Management Services Pty Ltd as at 30 June 2021. Examples of assets within this class are fencing, lighting, playground equipment etc. Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying approximates the fair value.

### Roads

Roads comprise road carriageway, roadside shoulders & kerb & gutter. The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken by Shepherd Asset Management Services as at 30 June 2020 based on actual costs and assumptions from Council's Engineering Department. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying approximates the fair value.

### Bridges

The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken by Shepherd Asset Management Services as at 30 June 2020 based on actual costs and assumptions from Council's Engineering Department. While all bridges were physically inspected and unit rates based on square metres were other inputs (such as estimates of residual value and pattern of consumption) require extensive professional judgement that impacts significantly on the final determination of fair value. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying approximates the fair value.

### Footpaths

The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken by Shepherd Asset Management Services as at 30 June 2020 based on actual costs and assumptions from Council's Engineering Department. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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## E2-1 Fair value measurement (continued)

In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying approximates the fair value.

### **Bulk Earthworks**

The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken by Shepherd Asset Management Services as at 30 June 2020 based on actual costs and assumptions from Council's Engineering Department. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying approximates the fair value.

### **Storm Water Drainage**

Assets within this class comprise pits and pipes.

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. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

These assets were valued by Shepherd Asset Management Services as at 30 June 2020.

In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying approximates the fair value.

### **Sewerage Network**

Assets within this class comprise treatment works, pumping stations and, sewerage mains.

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. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of 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 the historical records of very long-lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

The Sewerage Network was valued by Shepherd Asset Management Services Pty Ltd as at 30 June 2022.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Primary Industries Water.

### **Swimming Pools**

Other Structures including Swimming Pools were internally accessed as at 30 June 2021.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying approximates the fair value.

### **Library Books**

Library Books were valued using the cost approach. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. No market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using Level 3 valuation inputs.

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

### **Other Assets**

This asset class relates to the town clock which was valued by Shepherd Asset Management Services Pty Ltd as at 30 June 2021.

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## E2-1 Fair value measurement (continued)

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation inputs.

In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying approximates the fair value.

### Reinstatement Tip Assets

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications.

It has been recognised that there will be significant costs associated with the closure and post closure management of tip/landfill sites. Closure of the landfill sites will involve a wide range of activities including final capping of the landfill waste and site re-vegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post-closure operation.

Valuations are based on actual timing of costs and future management requirements.

### Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value (30/6/23) 2023	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Plant, equipment, furniture, fittings and office equipment	3,052	Refer to Note E2-1	Current replacement cost of modern equivalent, asset condition, useful life, increase/decrease in cost of unit or useful life
Operational land	1,868	Refer to Note E2-1	Land value, land area, price per square metre
Community land	1,636	Refer to Note E2-1	Land value, land area, restrictions
Buildings	14,998	Refer to Note E2-1	Current replacement cost of modern equivalent using componentisation, asset condition, remaining useful lives
Roads, Bridges, Footpaths, Earthworks	188,026	Refer to Note E2-1	Asset condition, remaining useful lives using componentisation, increase/decrease in cost of unit
Other Structures, Pools, Library Assets, Town Clock, Work in Progress	15,175	Refer to Note E2-1	Asset condition, remaining useful lives using componentisation, increase/decrease in cost of unit
Drainage Network	9,314	Refer to Note E2-1	Asset condition, remaining lives, increase/decrease in cost of unit
Sewerage Network	20,317	Refer to Note E2-1	Asset condition, remaining useful lives using componentisation, increase/decrease in cost of unit
Reinstatement Tip Assets	228	Refer to Note E2-1	Environmental legislation, timing of expected cash outflows, asset condition, increase/decrease in cost of unit

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## E2-1 Fair value measurement (continued)

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

\$ '000	Total IPP&E	
	2023	2022 Restated
<b>Opening balance</b>	<b>234,102</b>	206,383
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	<b>17,317</b>	23,009
<b>Other movements</b>		
Purchases (GBV)	<b>13,516</b>	9,066
Depreciation and impairment	<b>(10,276)</b>	(4,150)
Other movement - Adjustments & Transfers	<b>(45)</b>	(206)
<b>Closing balance</b>	<b>254,614</b>	234,102

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

No transfers were made in or out of the Level 3 Fair value Hierarchy

### Highest and best use

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



### E3-1 Contingencies

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

#### LIABILITIES NOT RECOGNISED

##### 1. Guarantees

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

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

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

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

###### *Description of the funding arrangements.*

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

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

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

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

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

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

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

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

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

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

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

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### E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$39,756.33. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$27,361.80.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.11%

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

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

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

\* Plus promotional increases

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

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

#### (ii) Statewide Limited

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

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

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

#### (iii) StateCover Limited

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

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

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

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

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## E3-1 Contingencies (continued)

### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

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

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

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

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

## ASSETS NOT RECOGNISED

### (i) Land under roads

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

### (ii) Infringement notices/fines

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

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

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

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

### (iii) Rural Fire Service Assets

Throughout the shire there are numerous rural fire appliances and associated rural fire fighting equipment.

These assets are under the control of the Rural Fire Services to enable that Department to provide bushfire protection defences set out in their Service Level Agreement with Council. As Council does not have control over these assets Council does not recognise these as assets in our financial statements.

In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

## F People and relationships

### F1 Related party disclosures

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

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

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	851	570
Other long-term benefits	70	319
Termination benefits	65	668
<b>Total</b>	<b>986</b>	<b>1,557</b>

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

With the exception of the purchase of water from Central Tablelands Water 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. Further information in relation to transactions with Central Tablelands Water is disclosed below.

Council has significant influence over Central Tablelands Water as it retains 33.33% of its voting power. During the financial year transactions totalling \$156,593 (2022 - \$152,977) were undertaken with Central Tablelands Water for the purchase of water and water mains extensions. These transactions were undertaken on the same terms and conditions as those offered to the General Public.

## F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	27	27
Councillors' fees	115	106
Other Councillors' expenses (including Mayor)	14	7
<b>Total</b>	<b>156</b>	<b>140</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	45	36
<b>Total Auditor-General remuneration</b>	<b>45</b>	<b>36</b>
<b>Total audit fees</b>	<b>45</b>	<b>36</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022 Restated
<b>Net operating result from Income Statement</b>	<b>14,343</b>	3,805
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	5,211	4,159
(Gain) / loss on disposal of assets	(42)	–
Unwinding of discount rates on reinstatement provisions	23	29
Share of net (profits)/losses of associates/joint ventures using the equity method	(376)	(365)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(473)	643
Increase / (decrease) in provision for impairment of receivables	–	9
(Increase) / decrease of inventories	101	(128)
(Increase) / decrease of contract asset	(11,258)	–
Increase / (decrease) in payables	1,871	(595)
Increase / (decrease) in accrued interest payable	21	(27)
Increase / (decrease) in other accrued expenses payable	69	64
Increase / (decrease) in other liabilities	(9)	7
Increase / (decrease) in contract liabilities	(3,459)	908
Increase / (decrease) in employee benefit provision	72	(564)
Increase / (decrease) in other provisions	(43)	(205)
<b>Net cash flows from operating activities</b>	<b>6,051</b>	<b>7,740</b>

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

Non Cash Movement in Garbage Tip Asset	(43)	(205)
<b>Total non-cash investing and financing activities</b>	<b>(43)</b>	<b>(205)</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

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

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

#### Property, plant and equipment

Road infrastructure	33,922	10,458
Other	-	4
<b>Total commitments</b>	<b>33,922</b>	<b>10,462</b>

#### These expenditures are payable as follows:

Within the next year	16,961	10,462
Later than one year and not later than 5 years	16,961	-
<b>Total payable</b>	<b>33,922</b>	<b>10,462</b>

#### Sources for funding of capital commitments:

Externally restricted reserves	6,429	7,118
Future grants and contributions	27,493	3,344
<b>Total sources of funding</b>	<b>33,922</b>	<b>10,462</b>

#### Details of capital commitments

Completion of the renewal and upgrade of Grenfell sewerage treatment works.

## G3 Changes from prior year statements

### G3-1 Correction of errors

During the year, Council identified depreciation had been incorrectly recorded in the asset classes of Roads, Bridges, Footpaths and Stormwater Drainage. Following the revaluation of these classes in 2020, the asset register had not been amended to reflect the new depreciation rates of these asset classes.

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

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

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

##### Statement of Financial Position

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Infrastructure, property, plant and equipment	207,257	(874)	206,383
<b>Total assets</b>	<b>254,126</b>	<b>(874)</b>	<b>253,252</b>
<b>Net assets</b>	<b>238,621</b>	<b>(874)</b>	<b>237,747</b>
Accumulated surplus	166,794	(874)	165,920
<b>Total equity</b>	<b>238,621</b>	<b>(874)</b>	<b>237,747</b>

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

##### Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, property, plant and equipment	236,075	(1,973)	234,102
<b>Total assets</b>	<b>286,101</b>	<b>(1,973)</b>	<b>284,128</b>
<b>Net assets</b>	<b>271,079</b>	<b>(1,973)</b>	<b>269,106</b>
Accumulated surplus	176,055	(1,785)	174,270
IPPE revaluation reserve	95,024	(188)	94,836
<b>Total equity</b>	<b>271,079</b>	<b>(1,973)</b>	<b>269,106</b>
<b>Total income from continuing operations</b>	<b>18,566</b>	<b>–</b>	<b>18,566</b>
Depreciation and amortisation	3,248	911	4,159
<b>Total expenses from continuing operations</b>	<b>13,850</b>	<b>911</b>	<b>14,761</b>
<b>Net operating result for the year</b>	<b>4,716</b>	<b>(911)</b>	<b>3,805</b>

##### Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
<b>Net operating result for the year</b>	<b>4,716</b>	<b>(911)</b>	<b>3,805</b>

continued on next page

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## G3-1 Correction of errors (continued)

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Gain (loss) on revaluation of infrastructure, property, plant and equipment	23,197	(188)	23,009
<b>Total other comprehensive income</b>	<b>27,742</b>	<b>(188)</b>	<b>27,554</b>
<b>Total comprehensive income for the year</b>	<b>32,458</b>	<b>(1,099)</b>	<b>31,359</b>

G4 Statement of developer contributions as at 30 June 2023

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S64 contributions	58	44	-	-	-	-	102	-	
<b>Total contributions</b>	<b>58</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>-</b>	

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

## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Indicators		Benchmark
	2023	2023	Restated 2022	2021	
<b>\$ '000</b>					
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<u>3,807</u>	<b>14.03%</b>	(14.09)%	(0.25)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<u>27,134</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<u>14,544</u>	<b>39.04%</b>	38.27%	30.14%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<u>37,252</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<u>11,647</u>	<b>3.06x</b>	3.37x	5.90x	> 1.50x
Current liabilities less specific purpose liabilities	<u>3,811</u>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<u>9,204</u>	<b>15.52x</b>	4.71x	9.24x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>593</u>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<u>485</u>	<b>10.51%</b>	9.02%	7.96%	< 10.00%
Rates and annual charges collectable	<u>4,616</u>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>6,146</u>	<b>4.49</b>	13.46	16.75	> 3.00
Monthly payments from cash flow of operating and financing activities	<u>1,369</u>	<b>months</b>	months	months	months

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

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

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Sewer Indicators		Benchmark
	2023	Restated 2022	2023	2022	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>					
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>16.20%</b>	(14.33)%	<b>(74.42)%</b>	(9.47)%	> 0.00%
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>					
Total continuing operating revenue <sup>1</sup>	<b>38.01%</b>	40.87%	<b>93.65%</b>	23.25%	> 60.00%
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions					
Current liabilities less specific purpose liabilities	<b>3.06x</b>	3.37x	<b>47.58x</b>	40.90x	> 1.50x
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>					
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>15.90x</b>	4.31x	∞	∞	> 2.00x
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding					
Rates and annual charges collectable	<b>12.14%</b>	8.73%	<b>0.00%</b>	10.81%	< 10.00%
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits					
Monthly payments from cash flow of operating and financing activities	<b>4.10 months</b>	12.75 months	<b>11.34 months</b>	34.12 months	> 3.00 months

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

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

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

### H1-1 Council information and contact details

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**Principal place of business:**  
Corner of Camp & Weddin Streets  
Grenfell NSW 2810

#### Contact details

**Mailing Address:**  
PO Box 125  
GRENFELL NSW 2810

**Telephone:** 02 6343 1212

**Opening hours:**  
8.30 am - 4.00 pm Monday - Friday  
Grenfell Waste Depot:  
Tue, Thurs, Sat, Sun: 10.00 am - 4.00 pm

**Internet:** [www.weddin.nsw.gov.au](http://www.weddin.nsw.gov.au)  
**Email:** [mail@weddin.nsw.gov.au](mailto:mail@weddin.nsw.gov.au)

#### Officers

**General Manager**  
Noreen Vu

**Responsible Accounting Officer**  
Noreen Vu

**Public Officer**  
Luke Sheehan

**Auditors**  
Audit Office of NSW  
GPO Box 12  
Sydney NSW 2001

#### Elected members

##### Mayor

Cr Craig Bembrick

##### Councillors

Cr Paul Best - Deputy Mayor  
Cr Phillip Diprose  
Cr Stuart McKellar  
Cr Warwick Frame  
Cr Michelle Cook  
Cr Jan Parlett  
Cr Glenda Howell  
Cr Jason Kenah

#### Other information

**ABN:** 73 819 323 291



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Weddin Shire Council**

To the Councillors of Weddin Shire Council

**Qualified Opinion**

I have audited the accompanying financial statements of Weddin 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, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

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

**Basis for Qualified Opinion**

**Non recognition of rural fire-fighting equipment**

As disclosed in Note C1-7 'Infrastructure, property, plant and equipment' and E3-1 'Contingencies' to the financial statements, the Council has not recognised rural fire-fighting equipment as assets in the Statement of Financial Position as at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 8 July 2014
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets.

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

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2023, which is offset by 'Grants and contributions provided for capital purposes' income that should have been recognised when the assets were vested
- determine the impact on the 'Operating performance' ratio in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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

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

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

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

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

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

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



**Emphasis of Matter – Compliance with *Local Government Act 1993***

I draw attention to Note C1-3 'Restricted and allocated cash, cash equivalents and investments', where the Council reported negative cash, cash equivalents and investments not subject to external restrictions balance of \$1.1 million as at 30 June 2023.

The Council acknowledged it had used externally restricted funds for purposes other than their intended use during the year ended 30 June 2023. This resulted in non-compliance with section 409 of the LG Act. Council also acknowledged it used restricted special rates and charges funds for purposes other than their intended use, without Ministerial approval. This resulted in non-compliance with section 410 of the LG Act.

My opinion is not modified in respect of this matter.

**Other Information**

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

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

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

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

I have nothing to report in this regard.

**The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the LG Act, 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

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

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



Farisha Ali  
Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY



Councillor Craig Bembrick  
Mayor  
Weddin Shire Council  
PO Box 125  
GRENFELL NSW 2810

Contact: Farisha Ali  
Phone no: 02 9275 7373  
Our ref: R008-16585809-49693

21 December 2023

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Weddin 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 a modified opinion on the Council's GPFS.

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

### **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

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

#### **Modification to the opinion in the Independent Auditor's Report**

##### **Non-recognition of rural fire-fighting equipment**

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

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting

equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 8 July 2014.

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

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets.

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

This has resulted in the audit opinion on the Council's 30 June 2023 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's Report on the GPFS.

**Non-compliance with the *Local Government Act 1993* - use of externally restricted funds for purposes other than their intended use**





Council has negative unrestricted cash, cash equivalents and investments of \$1.1 million at 30 June 2023.

The Council acknowledges it has used the following funds for purposes other than their intended use during the year ended 30 June 2023:

- restricted developer contributions - sewer funds, breaching section 409(3)(b) of the Act
- restricted sewer funds without Ministerial approval, breaching section 409(3)(a) of the Act.  
The use of restricted funds received by the Council as a result of levying special rates and charges must be approved by the Minister. Without this approval the use does not comply with section 410(3) of the LG Act
- restricted specific purpose grants without approval of the grantor, breaching section 409(3)(c) of the Act.

## INCOME STATEMENT

### Operating result

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	4.2	4.0	 5.0
Grants and contributions revenue	22.7	11.2	 102.7
Operating result from continuing operations	14.3	3.8	 276.3
Net operating result before capital grants and contributions	4.2	(1.5)	 380.0

\* The 2022 comparatives have been restated to correct a prior period error. Note G3-1 of the financial statements provides details of the prior period error.

Rates and annual charges revenue (\$4.2 million) increased by \$0.2 million (5.0 per cent) in 2022–23. This was the combined effect of the approved rate peg increase of 2.5 per cent and an increase in annual charges due to increases in individual charges and the extension of the domestic waste management to additional villages within the local government area.

Grants and contributions revenue (\$22.7 million) increased by \$11.5 million (102.7 per cent) in 2022–23 due to:

- receiving \$5.2 million in funding for other roads and bridges works.
- increase of \$5.3 million mainly for the New Forbes Road upgrade and Pullabooka Road Rehabilitation.
- receiving 94 per cent of the financial assistance grants for 2023-24 in advance (75 per cent in 2021-22) contributing to an increase of \$0.6 million

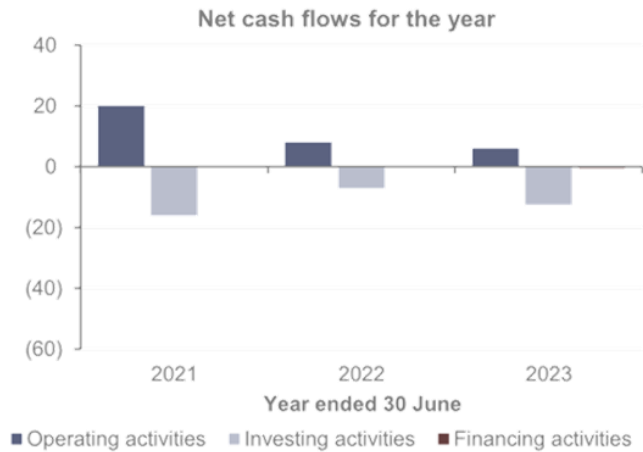
The Council's operating result from continuing operations (\$14.3 million including depreciation, amortisation and impairment expense of \$5.2 million) was \$10.5 million higher than the 2021–22 result.

The net operating result before capital grants and contributions (\$4.2 million) was \$5.7 million higher than the 2021–22 result. Council recognised significant revenues in relation to funding to remediate flood damage. Despite this, materials and services costs did not increase proportionately as resources were diverted from budgeted operational works to complete flood related works.

## STATEMENT OF CASH FLOWS

Cash and cash equivalents have decreased from \$12.9 million in 2022 to \$6.1 million in 2023.

The Council received 2023-24 financial assistance grant in advance. In addition, the amount of work required to remediate flood damaged assets and other grant funded projects have seen an increase in cash receipts for grant and contribution fundings compared to prior year. However, these receipts are offset by the cash flows for higher materials and service, and payments for IPP&E due to the need for flood remediation works.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023 \$m	2022 \$m	Commentary
<b>Total cash, cash equivalents and investments</b>	<b>6.1</b>	<b>13.9</b>	Externally restricted balances comprise mainly of contract liabilities, unexpended grant funds developer contributions and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	7.2	8.8	
• Internal allocations	-	4.8	The Council negative cash, and investments balance not subject to external restrictions of \$1.1 million at 30 June 2023. Refer to the 'significant audit issues and observations' section of this report relating to 'Non-compliance with the <i>Local Government Act 1993</i> '.

### Debt

As at 30 June 2023, Council had:

- \$4.1 million in secured loans (30 June 2022: \$4.5 million)
- \$250,000 in approved bank overdraft facility with nil drawn down
- \$50,000 credit card facility with \$12,000 used balance.

## PERFORMANCE

### Performance measures

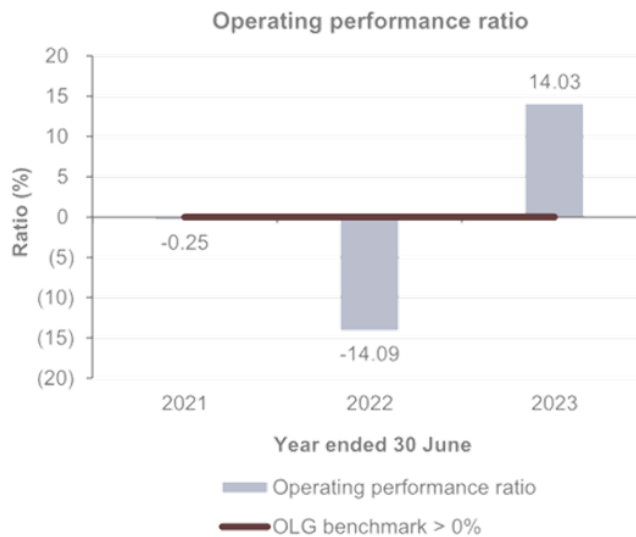
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

#### Operating performance ratio

The Council exceeded the benchmark for the current reporting period.

The 2022 ratio was restated to correct a prior period error.

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.

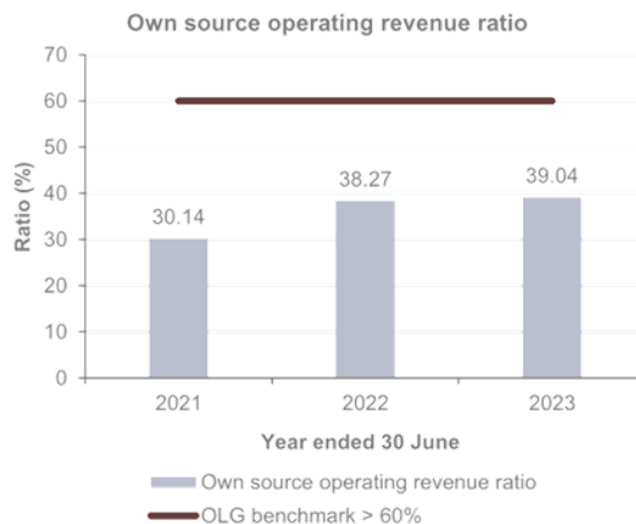


#### Own source operating revenue ratio

The Council did not meet the benchmark.

The proportionately high level of grants and contributions received by Council has seen this ratio continue to remain below the benchmark.

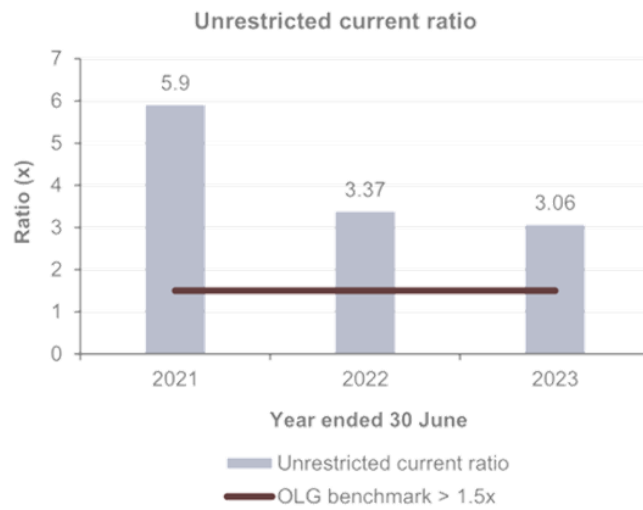
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



**Unrestricted current ratio**

The Council continued to exceed the benchmark for this ratio.

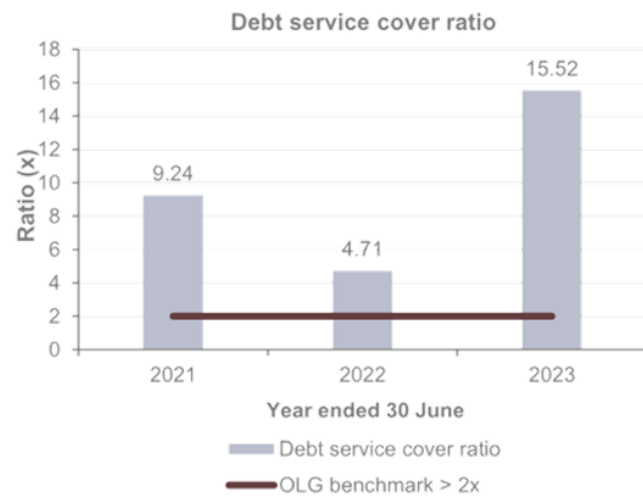
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



**Debt service cover ratio**

The Council continued to exceed the benchmark.

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.

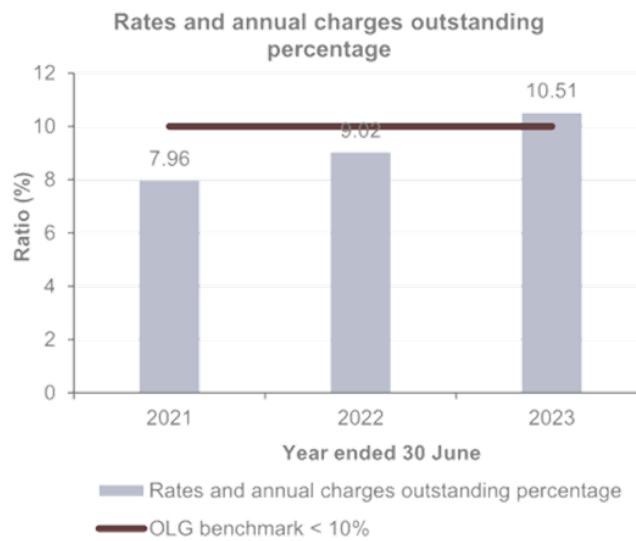




**Rates and annual charges outstanding percentage**

This ratio is marginally higher than the benchmark level of 10 per cent.

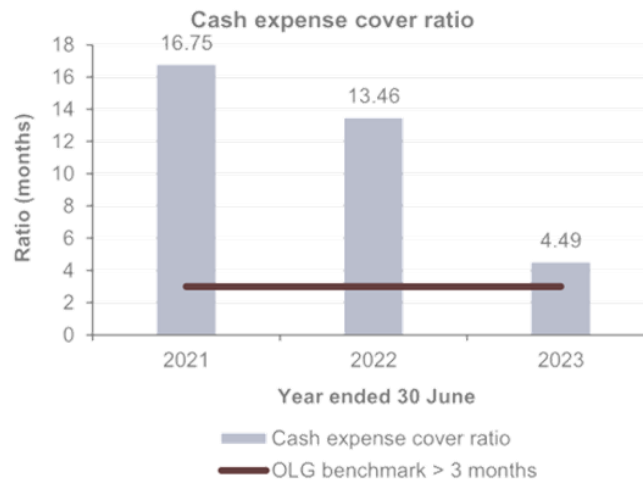
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



**Cash expense cover ratio**

The Council continued to exceed the benchmark.

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 \$11.3 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on capital work in progress at \$2.4 million and roads at \$5.8 million. A further \$2.2 million was spent on new assets, of which \$1.5 million related to buildings.

## OTHER MATTERS

### Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements due to the non-recognition of rural fire-fighting equipment which will be reported in the Management Letter.

My audit procedures identified instances of non-compliance with legislative requirements that will be reported to the Minister for Local Government. Refer to the 'significant audit issues and observations' section of this report relating to 'Non-compliance with the *Local Government Act 1993* - use of externally restricted funds for purposes other than their intended use'.

Except for the matters outlined above, the Council's:

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



Farisha Ali

Delegate of the Auditor-General for New South Wales



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Weddin Shire Council**

To the Councillors of Weddin Shire Council

**Qualified Opinion**

I have audited the accompanying financial statements of Weddin 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, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

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

**Basis for Qualified Opinion**

**Non recognition of rural fire-fighting equipment**

As disclosed in Note C1-7 'Infrastructure, property, plant and equipment' and E3-1 'Contingencies' to the financial statements, the Council has not recognised rural fire-fighting equipment as assets in the Statement of Financial Position as at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 8 July 2014
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets.

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

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2023, which is offset by 'Grants and contributions provided for capital purposes' income that should have been recognised when the assets were vested
- determine the impact on the 'Operating performance' ratio in Note G5-1 'Statement of performance measures – consolidated results' and Note G5-2 'Statement of performance measures by fund'.

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

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

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

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

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

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

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

**Emphasis of Matter – Compliance with *Local Government Act 1993***

I draw attention to Note C1-3 'Restricted and allocated cash, cash equivalents and investments', where the Council reported negative cash, cash equivalents and investments not subject to external restrictions balance of \$1.1 million as at 30 June 2023.

The Council acknowledged it had used externally restricted funds for purposes other than their intended use during the year ended 30 June 2023. This resulted in non-compliance with section 409 of the LG Act. Council also acknowledged it used restricted special rates and charges funds for purposes other than their intended use, without Ministerial approval. This resulted in non-compliance with section 410 of the LG Act.

My opinion is not modified in respect of this matter.

**Other Information**

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

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

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

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

I have nothing to report in this regard.

**The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the LG Act, 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

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

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



Farisha Ali  
Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY



Councillor Craig Bembrick  
Mayor  
Weddin Shire Council  
PO Box 125  
GRENFELL NSW 2810

Contact: Farisha Ali  
Phone no: 02 9275 7373  
Our ref: R008-16585809-49693

21 December 2023

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Weddin 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 a modified opinion on the Council's GPFS.

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

### **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

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

#### **Modification to the opinion in the Independent Auditor's Report**

##### **Non-recognition of rural fire-fighting equipment**

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

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting

equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 8 July 2014.

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

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets.

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

This has resulted in the audit opinion on the Council's 30 June 2023 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's Report on the GPFS.

**Non-compliance with the *Local Government Act 1993* - use of externally restricted funds for purposes other than their intended use**

Council has negative unrestricted cash, cash equivalents and investments of \$1.1 million at 30 June 2023.

The Council acknowledges it has used the following funds for purposes other than their intended use during the year ended 30 June 2023:

- restricted developer contributions - sewer funds, breaching section 409(3)(b) of the Act
- restricted sewer funds without Ministerial approval, breaching section 409(3)(a) of the Act.  
The use of restricted funds received by the Council as a result of levying special rates and charges must be approved by the Minister. Without this approval the use does not comply with section 410(3) of the LG Act
- restricted specific purpose grants without approval of the grantor, breaching section 409(3)(c) of the Act.



## INCOME STATEMENT

### Operating result

	2023 \$m	2022* \$m	Variance %
Rates and annual charges revenue	4.2	4.0	↑ 5.0
Grants and contributions revenue	22.7	11.2	↑ 102.7
Operating result from continuing operations	14.3	3.8	↑ 276.3
Net operating result before capital grants and contributions	4.2	(1.5)	↑ 380.0

\* The 2022 comparatives have been restated to correct a prior period error. Note G3-1 of the financial statements provides details of the prior period error.

Rates and annual charges revenue (\$4.2 million) increased by \$0.2 million (5.0 per cent) in 2022–23. This was the combined effect of the approved rate peg increase of 2.5 per cent and an increase in annual charges due to increases in individual charges and the extension of the domestic waste management to additional villages within the local government area.

Grants and contributions revenue (\$22.7 million) increased by \$11.5 million (102.7 per cent) in 2022–23 due to:

- receiving \$5.2 million in funding for other roads and bridges works.
- increase of \$5.3 million mainly for the New Forbes Road upgrade and Pullabooka Road Rehabilitation.
- receiving 94 per cent of the financial assistance grants for 2023-24 in advance (75 per cent in 2021-22) contributing to an increase of \$0.6 million

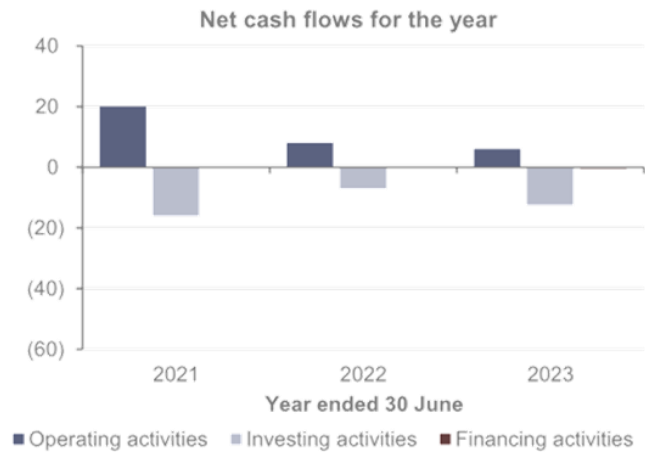
The Council's operating result from continuing operations (\$14.3 million including depreciation, amortisation and impairment expense of \$5.2 million) was \$10.5 million higher than the 2021–22 result.

The net operating result before capital grants and contributions (\$4.2 million) was \$5.7 million higher than the 2021–22 result. Council recognised significant revenues in relation to funding to remediate flood damage. Despite this, materials and services costs did not increase proportionately as resources were diverted from budgeted operational works to complete flood related works.

## STATEMENT OF CASH FLOWS

Cash and cash equivalents have decreased from \$12.9 million in 2022 to \$6.1 million in 2023.

The Council received 2023-24 financial assistance grant in advance. In addition, the amount of work required to remediate flood damaged assets and other grant funded projects have seen an increase in cash receipts for grant and contribution fundings compared to prior year. However, these receipts are offset by the cash flows for higher materials and service, and payments for IPP&E due to the need for flood remediation works.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023 \$m	2022 \$m	Commentary
<b>Total cash, cash equivalents and investments</b>	<b>6.1</b>	<b>13.9</b>	Externally restricted balances comprise mainly of contract liabilities, unexpended grant funds developer contributions and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	7.2	8.8	
• Internal allocations	-	4.8	The Council negative cash, and investments balance not subject to external restrictions of \$1.1 million at 30 June 2023. Refer to the 'significant audit issues and observations' section of this report relating to 'Non-compliance with the <i>Local Government Act 1993</i> '.

### Debt

As at 30 June 2023, Council had:

- \$4.1 million in secured loans (30 June 2022: \$4.5 million)
- \$250,000 in approved bank overdraft facility with nil drawn down
- \$50,000 credit card facility with \$12,000 used balance.

## PERFORMANCE

### Performance measures

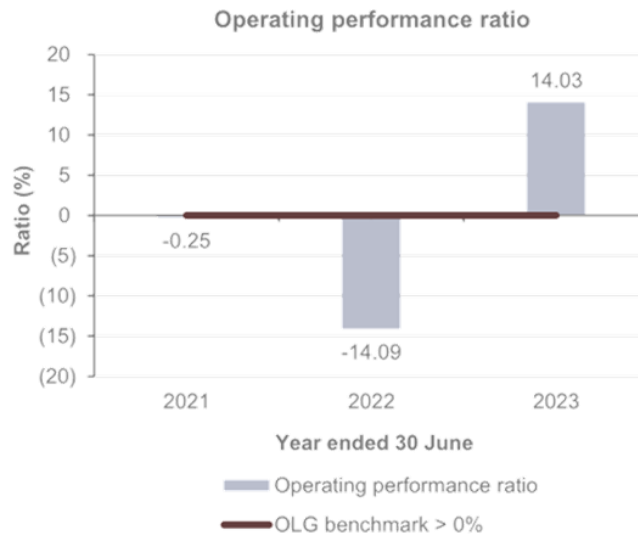
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

#### Operating performance ratio

The Council exceeded the benchmark for the current reporting period.

The 2022 ratio was restated to correct a prior period error.

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.

The proportionately high level of grants and contributions received by Council has seen this ratio continue to remain below the benchmark.

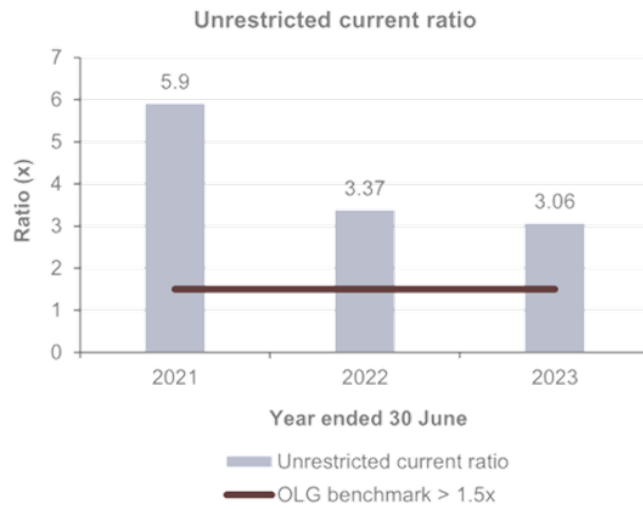
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



**Unrestricted current ratio**

The Council continued to exceed the benchmark for this ratio.

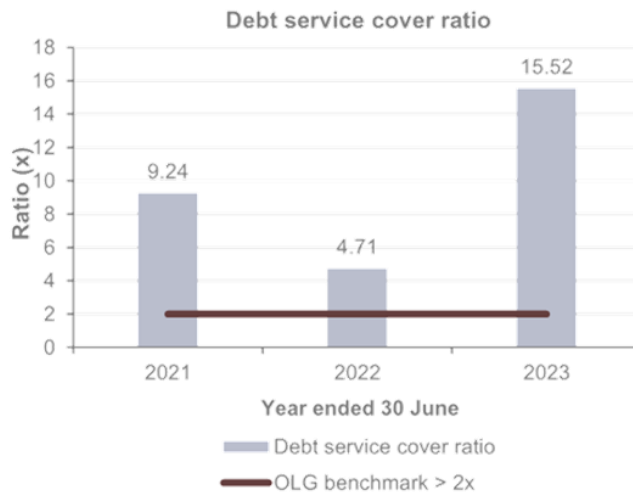
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



**Debt service cover ratio**

The Council continued to exceed the benchmark.

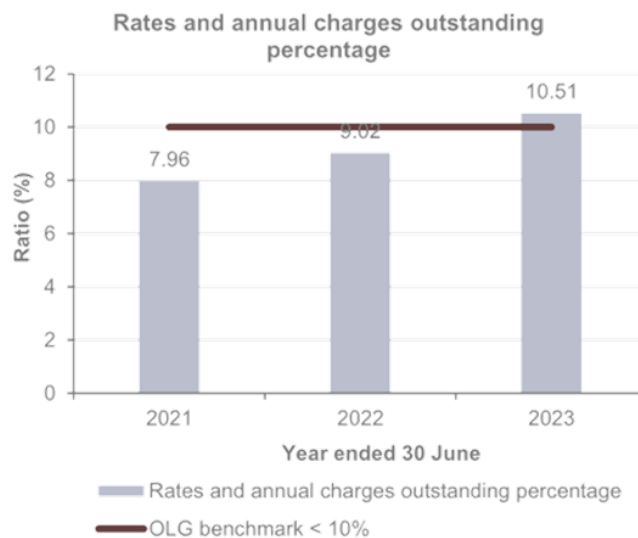
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



**Rates and annual charges outstanding percentage**

This ratio is marginally higher than the benchmark level of 10 per cent.

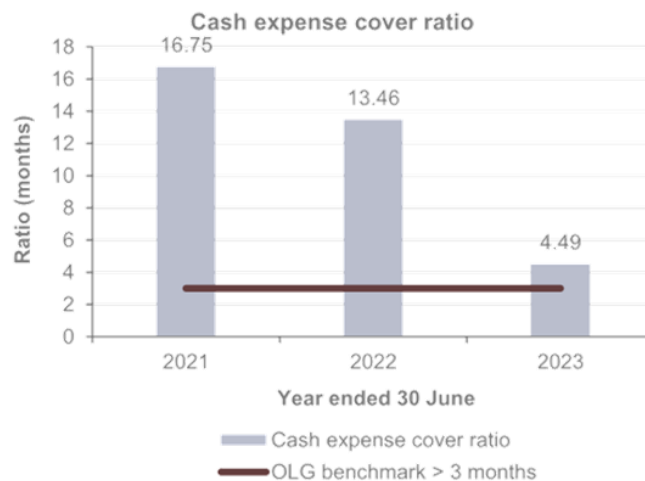
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



**Cash expense cover ratio**

The Council continued to exceed the benchmark.

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 \$11.3 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on capital work in progress at \$2.4 million and roads at \$5.8 million. A further \$2.2 million was spent on new assets, of which \$1.5 million related to buildings.

## OTHER MATTERS

### Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements due to the non-recognition of rural fire-fighting equipment which will be reported in the Management Letter.

My audit procedures identified instances of non-compliance with legislative requirements that will be reported to the Minister for Local Government. Refer to the 'significant audit issues and observations' section of this report relating to 'Non-compliance with the *Local Government Act 1993* - use of externally restricted funds for purposes other than their intended use'.

Except for the matters outlined above, the Council's:

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



Farisha Ali

Delegate of the Auditor-General for New South Wales

# Weddin Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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## Weddin Shire Council

### Special Purpose Financial Statements for the year ended 30 June 2023

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<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	n/a
Income Statement of sewerage business activity	4
Income Statement of	n/a
Statement of Financial Position of water supply business activity	n/a
Statement of Financial Position of sewerage business activity	5
Statement of Financial Position of	n/a
<b>Note – Significant Accounting Policies</b>	<b>6</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>9</b>

#### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).



## Weddin Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

#### Statement by Councillors and Management

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

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

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

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

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

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

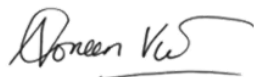
Signed in accordance with a resolution of Council made on 28 September 2023.



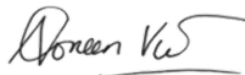
Cr Craig Bembrick  
Mayor  
28 September 2023



Cr Paul Best  
Councillor  
28 September 2023



Noreen Vu  
General Manager  
28 September 2023



Noreen Vu  
Responsible Accounting Officer  
28 September 2023

Weddin Shire Council | Income Statement of sewerage business activity | for the year ended 30 June 2023

## Weddin Shire Council

Income Statement of sewerage business activity  
for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	621	592
User charges	25	27
Interest and investment income	3	4
<b>Total income from continuing operations</b>	<b>649</b>	<b>623</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	362	222
Materials and services	512	187
Depreciation, amortisation and impairment	258	273
<b>Total expenses from continuing operations</b>	<b>1,132</b>	<b>682</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(483)</b>	<b>(59)</b>
Grants and contributions provided for capital purposes	44	2,057
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(439)</b>	<b>1,998</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(439)</b>	<b>1,998</b>
<b>Surplus (deficit) after tax</b>	<b>(439)</b>	<b>1,998</b>
<b>Plus accumulated surplus</b>	<b>15,211</b>	<b>13,213</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>14,772</b>	<b>15,211</b>
<b>Return on capital %</b>	<b>(2.4)%</b>	<b>(0.3)%</b>
<b>Subsidy from Council</b>	<b>1,304</b>	<b>759</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(439)	1,998
Less: capital grants and contributions (excluding developer contributions)	(44)	(2,057)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

Weddin Shire Council | Statement of Financial Position of sewerage business activity | for the year ended 30 June 2023

## Weddin Shire Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	826	1,163
Receivables	78	64
<b>Total current assets</b>	<b>904</b>	<b>1,227</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	20,427	19,123
<b>Total non-current assets</b>	<b>20,427</b>	<b>19,123</b>
<b>Total assets</b>	<b>21,331</b>	<b>20,350</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Employee benefit provisions	19	30
<b>Total current liabilities</b>	<b>19</b>	<b>30</b>
<b>Total liabilities</b>	<b>19</b>	<b>30</b>
<b>Net assets</b>	<b>21,312</b>	<b>20,320</b>
<b>EQUITY</b>		
Accumulated surplus	14,769	15,209
Revaluation reserves	6,543	5,111
<b>Total equity</b>	<b>21,312</b>	<b>20,320</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

Nil

#### Category 2

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

##### a. Grenfell Sewerage Service

Comprising the whole of the operations & net assets of the sewerage reticulation & treatment system servicing the town of Grenfell.

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

Corporate income tax rate – 26% (19/20 27.5%)

## Note – Significant Accounting Policies (continued)

**Land tax** – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

**Payroll tax** – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

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

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

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

### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 26% (19/20 27.5%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

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

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

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

The rate of return is calculated as follows:

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

## Note – Significant Accounting Policies (continued)

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### (iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Weddin Shire Council**

To the Councillors of Weddin Shire Council

**Opinion**

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

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

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

**Basis for Opinion**

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

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

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

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

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

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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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



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

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



Farisha Ali  
Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY

# Weddin Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023



## Weddin Shire Council

### Special Schedules

for the year ended 30 June 2023

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Weddin Shire Council | Permissible income for general rates | for the year ended 30 June 2023

## Weddin Shire Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	2,962	3,043
Plus or minus adjustments <sup>2</sup>	b	6	(1)
<b>Notional general income</b>	c = a + b	<u>2,968</u>	<u>3,042</u>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.50%	3.70%
Or plus rate peg amount	i = e x (c + g)	74	113
<b>Sub-total</b>	k = (c + g + h + i + j)	<u>3,042</u>	<u>3,155</u>
Plus (or minus) last year's carry forward total	l	2	1
<b>Sub-total</b>	n = (l + m)	<u>2</u>	<u>1</u>
<b>Total permissible income</b>	o = k + n	<u>3,044</u>	<u>3,156</u>
Less notional general income yield	p	3,043	3,070
<b>Catch-up or (excess) result</b>	q = o - p	1	86
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	1	86

**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)*.
- (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

#### Weddin Shire Council

To the Councillors of Weddin Shire Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Weddin 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](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

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

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



Farisha Ali  
Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY

Weddin Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					\$ '000	\$ '000	1	2	3
<b>Buildings</b>	Buildings	65	65	65	43	14,998	26,894	41.0%	13.1%	45.9%	0.0%	0.0%
	<b>Sub-total</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>43</b>	<b>14,998</b>	<b>26,894</b>	<b>41.0%</b>	<b>13.1%</b>	<b>45.9%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	24	24	24	39	3,104	4,016	27.5%	32.6%	39.5%	0.2%	0.2%
	<b>Sub-total</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>39</b>	<b>3,104</b>	<b>4,016</b>	<b>27.5%</b>	<b>32.6%</b>	<b>39.5%</b>	<b>0.2%</b>	<b>0.2%</b>
<b>Roads</b>	Transport Assets	1,105	1,105	1,105	1,571	188,026	276,976	38.8%	39.6%	13.2%	5.5%	2.9%
	<b>Sub-total</b>	<b>1,105</b>	<b>1,105</b>	<b>1,105</b>	<b>1,571</b>	<b>188,026</b>	<b>276,976</b>	<b>38.8%</b>	<b>39.6%</b>	<b>13.2%</b>	<b>5.5%</b>	<b>2.9%</b>
<b>Sewerage network</b>	Sewerage network	39	39	39	46	20,317	27,670	45.0%	21.2%	33.8%	0.0%	0.0%
	<b>Sub-total</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>46</b>	<b>20,317</b>	<b>27,670</b>	<b>45.0%</b>	<b>21.2%</b>	<b>33.8%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater	15	15	15	26	9,314	14,691	0.0%	0.0%	72.4%	27.6%	0.0%
	<b>Sub-total</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>26</b>	<b>9,314</b>	<b>14,691</b>	<b>0.0%</b>	<b>0.0%</b>	<b>72.4%</b>	<b>27.6%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	26	26	26	13	6,636	8,452	87.8%	0.0%	12.2%	0.0%	0.0%
	<b>Sub-total</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>13</b>	<b>6,636</b>	<b>8,452</b>	<b>87.8%</b>	<b>0.0%</b>	<b>12.2%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>1,274</b>	<b>1,274</b>	<b>1,274</b>	<b>1,738</b>	<b>242,395</b>	<b>358,699</b>	<b>38.9%</b>	<b>33.6%</b>	<b>19.9%</b>	<b>5.4%</b>	<b>2.2%</b>

(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

## Weddin Shire Council

## Report on infrastructure assets as at 30 June 2023

## Infrastructure asset performance indicators (consolidated) \*

	Amounts		Indicator	Indicators		Benchmark
	2023	2023		Restated 2022	2021	
<b>\$ '000</b>						
<b>Buildings and infrastructure renewals ratio</b>						
Asset renewals <sup>1</sup>	<u>11,341</u>					
Depreciation, amortisation and impairment	<u>4,565</u>	248.43%	0.00%	526.65%	> 100.00%	
<b>Infrastructure backlog ratio</b>						
Estimated cost to bring assets to a satisfactory standard	<u>1,274</u>	0.51%	0.58%	0.58%	< 2.00%	
Net carrying amount of infrastructure assets	<u>247,640</u>					
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<u>1,738</u>	136.42%	123.01%	124.35%	> 100.00%	
Required asset maintenance	<u>1,274</u>					
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to an agreed service level set by Council	<u>1,274</u>	0.36%	0.41%	0.41%		
Gross replacement cost	<u>358,699</u>					

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

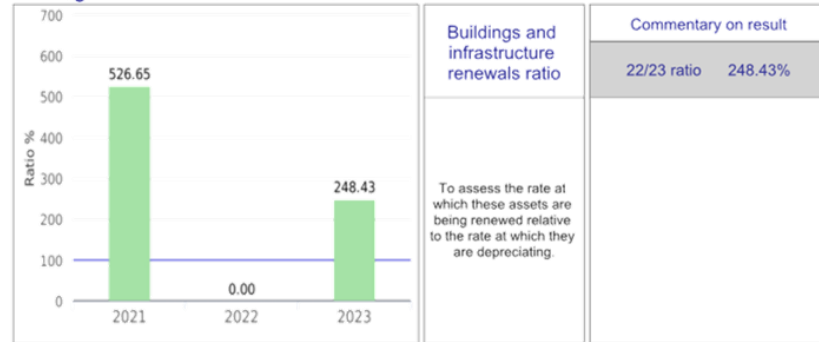
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.



Weddin Shire Council

Report on infrastructure assets as at 30 June 2023

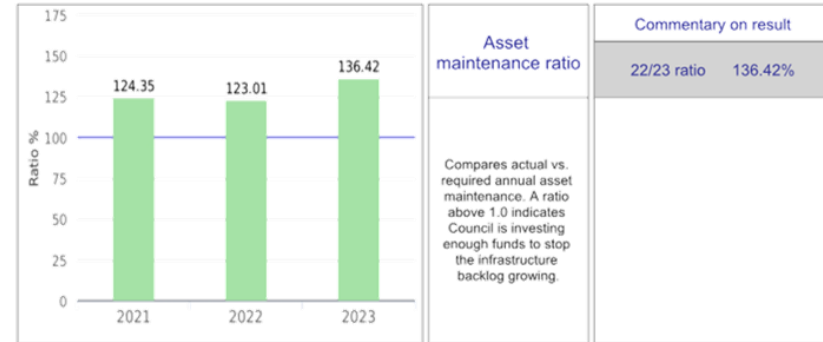
**Buildings and infrastructure renewals ratio**



Benchmark: — > 100.00%  
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)  
 Ratio is outside benchmark (Red)

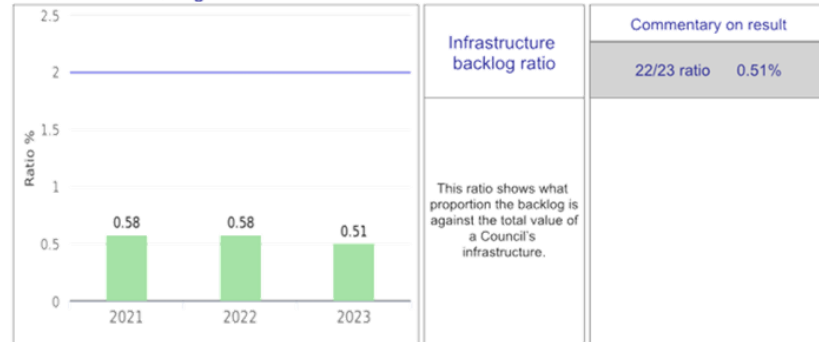
**Asset maintenance ratio**



Benchmark: — > 100.00%  
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)  
 Ratio is outside benchmark (Red)

**Infrastructure backlog ratio**



Benchmark: — < 2.00%  
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)  
 Ratio is outside benchmark (Red)

**Cost to bring assets to agreed service level**



Benchmark: — < 2.00%  
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)  
 Ratio is outside benchmark (Red)

## Weddin Shire Council

## Report on infrastructure assets as at 30 June 2023

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Sewer fund		Benchmark
	2023	2022	2023	2022	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>263.32%</b>	0.00%	<b>0.00%</b>	0.00%	> 100.00%
Depreciation, amortisation and impairment					
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>0.54%</b>	0.59%	<b>0.19%</b>	0.42%	< 2.00%
Net carrying amount of infrastructure assets					
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>137.00%</b>	129.83%	<b>117.95%</b>	17.50%	> 100.00%
Required asset maintenance					
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>0.37%</b>	0.42%	<b>0.14%</b>	0.31%	
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.



The Hon Ron Hoenig MP  
Minister for Local Government  
GPO Box 5341  
SYDNEY NSW 2001

Contact: Farisha Ali  
Phone no: 02 9275 7373  
Our ref: R008-16585809-49634/1805

21 December 2023

Dear Minister

### Matter of interest for Weddin Shire Council

The Audit Office of New South Wales recently completed its audit of Weddin Shire Council's (the Council) financial statements for the year ended 30 June 2023. Section 426(1) of the *Local Government Act 1993* (the Act) requires that I communicate with you on matters arising under the Act or regulations that I consider sufficiently significant.

Within its 30 June 2023 financial statements, the Council acknowledges it has used the following funds for purposes other than their intended use during the year ended 30 June 2023:

- restricted developer contributions - sewer funds, breaching section 409(3)(b) of the Act
- restricted sewer funds without Ministerial approval, breaching section 409(3)(a) of the Act.  
The use of restricted funds received by the Council as a result of levying special rates and charges must be approved by the Minister. Without this approval the use does not comply with section 410(3) of the LG Act
- restricted specific purpose grants without approval of the grantor, breaching section 409(3)(c) of the Act.

The Council reported negative unrestricted cash, cash equivalents and investments of \$1.1 million as at 30 June 2023 within its financial statements at Note C1-3.

The significant noncompliance with the Act will be reported to the Council in our Report on the Conduct of the Audit.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford PSM  
Auditor-General for New South Wales

cc: Ms Noreen Vu, General Manager

## **7 CLOSED COUNCIL**

### **RECOMMENDATION**

The meeting now be closed to the public under Section 10A(2) of the *Local Government Act 1993* to consider the items following because of their confidential nature:

#### **7.1 T33-2023 - PROVISION OF SPRAY SEAL PAVEMENT SERVICES - STATE ROADS**

This matter is considered to be confidential under Section 10A(2) - d(i) and d(ii) of the *Local Government Act 1993*, and Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it and information that would, if disclosed, confer a commercial advantage on a competitor of the council.

#### **7.2 T34-2023 - PROVISION OF STABILIZING SERVICES - STATE ROADS**

This matter is considered to be confidential under Section 10A(2) - d(i) and d(ii) of the *Local Government Act 1993*, and Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it and information that would, if disclosed, confer a commercial advantage on a competitor of the council.

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## **8 RETURN TO OPEN COUNCIL**

## **9 REPORT ON CLOSED COUNCIL**

## **10 CLOSURE**