

# Kyogle Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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# Kyogle Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

1 Stratheden Street  
Kyogle NSW 2474

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

## Kyogle 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 11 December 2023.



Kylie Webster

Mayor

11 December 2023



Tom Cooper

Councillor

11 December 2023



Graham Kennett

General Manager

11 December 2023



Glenn Rose

Responsible Accounting Officer

11 December 2023

## Kyogle Council

## Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	<b>Income from continuing operations</b>			
11,839	Rates and annual charges	B2-1	<b>11,880</b>	11,509
9,955	User charges and fees	B2-2	<b>11,203</b>	9,996
6	Other revenues	B2-3	<b>122</b>	25
7,609	Grants and contributions provided for operating purposes	B2-4	<b>14,025</b>	17,731
12,303	Grants and contributions provided for capital purposes	B2-4	<b>79,485</b>	23,403
244	Interest and investment income	B2-5	<b>1,004</b>	115
<b>41,956</b>	<b>Total income from continuing operations</b>		<b>117,719</b>	62,779
	<b>Expenses from continuing operations</b>			
9,264	Employee benefits and on-costs	B3-1	<b>9,462</b>	10,076
6,773	Materials and services	B3-2	<b>12,775</b>	7,932
306	Borrowing costs	B3-3	<b>313</b>	352
8,663	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>9,518</b>	9,296
366	Other expenses	B3-5	<b>716</b>	339
54	Net loss from the disposal of assets	B4-1	<b>7,169</b>	4,177
<b>25,426</b>	<b>Total expenses from continuing operations</b>		<b>39,953</b>	32,172
<b>16,530</b>	<b>Operating result from continuing operations</b>		<b>77,766</b>	30,607
<b>16,530</b>	<b>Net operating result for the year attributable to Council</b>		<b>77,766</b>	30,607
<b>4,227</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(1,719)</b>	7,204

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

## Kyogle Council

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Net operating result for the year – from Income Statement</b>		<b>77,766</b>	<b>30,607</b>
<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	C1-6	<b>(5,980)</b>	28,832
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	<b>12,962</b>	(18,944)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>6,982</b>	<b>9,888</b>
<b>Total other comprehensive income for the year</b>		<b>6,982</b>	<b>9,888</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>84,748</b>	<b>40,495</b>

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

## Kyogle Council

### Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	51,508	40,329
Receivables	C1-3	9,883	6,838
Inventories	C1-4	2,283	3,509
Contract assets	C1-5	1,384	400
<b>Total current assets</b>		<b>65,058</b>	<b>51,076</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment (IPPE)	C1-6	550,506	476,237
<b>Total non-current assets</b>		<b>550,506</b>	<b>476,237</b>
<b>Total assets</b>		<b>615,564</b>	<b>527,313</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	12,835	4,614
Contract liabilities	C3-2	7,760	9,715
Borrowings	C3-3	1,832	1,771
Employee benefit provisions	C3-4	2,844	2,562
<b>Total current liabilities</b>		<b>25,271</b>	<b>18,662</b>
<b>Non-current liabilities</b>			
Payables	C3-1	212	192
Borrowings	C3-3	11,594	13,347
Employee benefit provisions	C3-4	144	243
Provisions	C3-5	728	2,002
<b>Total non-current liabilities</b>		<b>12,678</b>	<b>15,784</b>
<b>Total liabilities</b>		<b>37,949</b>	<b>34,446</b>
<b>Net assets</b>		<b>577,615</b>	<b>492,867</b>
<b>EQUITY</b>			
Accumulated surplus		300,745	222,979
IPPE revaluation reserve	C4-1	276,870	269,888
<b>Council equity interest</b>		<b>577,615</b>	<b>492,867</b>
<b>Total equity</b>		<b>577,615</b>	<b>492,867</b>

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

## Kyogle 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		222,979	269,888	492,867	192,372	260,000	452,372
<b>Restated opening balance</b>		<b>222,979</b>	<b>269,888</b>	<b>492,867</b>	<b>192,372</b>	<b>260,000</b>	<b>452,372</b>
Net operating result for the year		77,766	–	77,766	30,607	–	30,607
<b>Net operating result for the period</b>		<b>77,766</b>	<b>–</b>	<b>77,766</b>	<b>30,607</b>	<b>–</b>	<b>30,607</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	(5,980)	(5,980)	–	28,832	28,832
– Impairment (loss) reversal relating to IPP&E	C1-6	–	12,962	12,962	–	(18,944)	(18,944)
<b>Other comprehensive income</b>		<b>–</b>	<b>6,982</b>	<b>6,982</b>	<b>–</b>	<b>9,888</b>	<b>9,888</b>
<b>Total comprehensive income</b>		<b>77,766</b>	<b>6,982</b>	<b>84,748</b>	<b>30,607</b>	<b>9,888</b>	<b>40,495</b>
<b>Closing balance at 30 June</b>		<b>300,745</b>	<b>276,870</b>	<b>577,615</b>	<b>222,979</b>	<b>269,888</b>	<b>492,867</b>

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



## Kyogle Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
11,839	Rates and annual charges		12,670	11,557
9,955	User charges and fees		9,898	10,431
244	Interest received		893	91
19,912	Grants and contributions		90,676	49,411
–	Bonds, deposits and retentions received		45	178
6	Other		6,309	3,907
<b>Payments:</b>				
(9,264)	Payments to employees		(9,148)	(10,030)
(6,773)	Payments for materials and services		(18,904)	(13,075)
(306)	Borrowing costs		(307)	(261)
(366)	Other		(1,974)	(561)
25,247	<b>Net cash provided from (or used in) operating activities</b>	G1-1	<b>90,158</b>	<b>51,648</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
801	Proceeds from sale of IPPE		400	547
<b>Payments:</b>				
(26,134)	Payments for IPPE		(77,687)	(34,715)
(25,333)	<b>Net cash provided from (or used in) investing activities</b>		<b>(77,287)</b>	<b>(34,168)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
–	Proceeds from borrowings		–	10,000
<b>Payments:</b>				
(1,716)	Repayment of borrowings		(1,716)	(1,219)
–	Bank overdraft		24	(61)
(1,716)	<b>Net cash flow provided from (used in) financing activities</b>		<b>(1,692)</b>	<b>8,720</b>
(1,802)	<b>Net change in cash and cash equivalents</b>		<b>11,179</b>	<b>26,200</b>
40,329	Cash and cash equivalents at beginning of year		40,329	14,129
38,527	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>51,508</b>	<b>40,329</b>

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

# Kyogle Council

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# Kyogle Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 11 December 2023. Council has the power to amend and reissue these financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 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 C1-6
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

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

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-3.

### **Monies and other assets received by Council**

#### **The Consolidated Fund**

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

The Consolidated fund has been included in the financial statements of Council.

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

- General purpose operations
- Water service
- Sewerage service
- Domestic Waste Management

## A1-1 Basis of preparation (continued)

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### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)*, 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:

- Companion Animals Receipts.
- Unclaimed Monies.
- Monumental Deposits.
- Long Services Levies.

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 has minimal dependence on volunteer services, these services have not been recognised in the income statement as they are not material.

### 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 current reporting period and which have not been adopted.

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

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

### New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2023. None of these standards had a significant impact on reported position or performance.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions or activities</b>										
Governance	–	–	502	536	(502)	(536)	–	–	–	–
Administration	1	–	1,173	1,153	(1,172)	(1,153)	–	–	49,538	32,556
Personnel	135	53	731	421	(596)	(368)	31	29	–	–
Finance	13,362	11,730	799	771	12,563	10,959	4,685	4,116	–	–
Crown reserves	975	466	684	79	291	387	975	466	–	–
Town planning	273	158	587	470	(314)	(312)	92	–	–	–
Environmental health	309	198	782	528	(473)	(330)	143	34	80	–
Building control	64	44	127	87	(63)	(43)	–	–	–	–
Animal control	23	389	165	189	(142)	200	–	375	57	57
Other waste management	1,143	1,470	993	944	150	526	–	308	1,619	3,007
Strategic, community & cultural services	444	2,035	1,530	1,147	(1,086)	888	436	2,029	2,783	3,470
Pre schools	–	–	77	63	(77)	(63)	–	–	–	–
Public libraries	90	88	549	533	(459)	(445)	90	88	6	7
Regional roads	5,752	3,913	2,223	2,076	3,529	1,837	5,752	3,913	64,278	63,525
Urban roads	2,176	304	1,452	961	724	(657)	2,176	304	18,524	16,105
Rural roads	51,138	11,232	4,338	7,664	46,800	3,568	51,138	11,232	181,886	144,304
Bridges	24,709	14,649	6,053	3,479	18,656	11,170	24,709	14,650	158,988	138,077
Emergency services	17	224	687	922	(670)	(698)	17	223	4,154	3,946
Swimming pools	175	114	891	781	(716)	(667)	–	–	4,325	3,924
Parks & gardens	1,120	2,074	1,086	915	34	1,159	1,120	2,063	10,624	6,362
Community buildings	427	709	373	275	54	434	249	586	11,639	12,230
Public cemeteries	156	162	205	222	(49)	(60)	1	–	359	144
Stormwater drainage	781	539	189	159	592	380	585	349	30,300	27,724
Engineering administration	153	64	2,286	(3,561)	(2,133)	3,625	76	–	–	–
Water supplies	2,191	1,858	1,872	1,779	319	79	260	5	26,366	25,181
Sewerage services	2,829	2,085	1,367	1,286	1,462	799	975	324	36,150	32,901
Domestic waste management	1,151	1,109	1,169	1,058	(18)	51	–	–	112	106
State highways	8,067	7,067	8,672	8,340	(605)	(1,273)	–	40	(778)	–
Quarries	–	–	(1,354)	(398)	1,354	398	–	–	2,032	2,049
Plant fund	58	45	(255)	(707)	313	752	–	–	12,522	11,638
<b>Total functions and activities</b>	<b>117,719</b>	<b>62,779</b>	<b>39,953</b>	<b>32,172</b>	<b>77,766</b>	<b>30,607</b>	<b>93,510</b>	<b>41,134</b>	<b>615,564</b>	<b>527,313</b>

## B1-2 Components of functions or activities

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

### Governance

Includes costs relating to Council's role as a component of democratic government, including elections, member's fees and expenses, meetings of Council and policy-making committees, public disclosure ( e.g. GIPA ), and legislative compliance.

### Administration

Includes corporate support and other support services and any Council Policy compliance.

### Personnel

Includes costs relating to payroll, human resources and workplace health and safety.

### Finance

Includes rates, accounts receivable, accounts payable and annual financial reporting requirements.

### Crown reserves

Includes costs relating to reserves not controlled by council.

### Town Planning

Includes costs relating to planning activities.

### Environmental health

Includes costs relating to environmental activities.

### Building control

Includes costs relating to building inspections.

### Animal control

Includes costs relating to regulatory activities.

### Other waste management

Includes costs relating to waste management.

### Strategic, community and cultural services

Includes costs relating to Economic development, tourism, visitor information centre, community services and art galleries.

### Pre schools

Includes building maintenance and operating contributions to local pre schools.

### Public libraries

Includes costs relating to the regional library.

### Regional roads

Includes costs relating to sealed and unsealed regional roads and bridges.

### Urban roads

Includes costs relating to sealed and unsealed urban roads and footpaths.

### Rural roads

Includes costs relating to sealed and unsealed rural roads.

### Bridges

Includes costs relating to rural bridges.

### Emergency services

Includes costs relating to rural fire brigades, town brigade and state emergency services.

### Swimming pools

Includes costs relating to Kyogle, Bonalbo and Woodenbong pool.

## B1-2 Components of functions or activities (continued)

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### **Parks and gardens**

Includes costs relating to parks, gardens and sporting fields.

### **Community buildings**

Includes costs relating to community buildings.

### **Public cemeteries**

Includes costs relating to cemeteries, lawn cemetery and columbarium walls.

### **Stormwater drainage**

Includes costs relating to drainage improvements and flood mitigation.

### **Engineering administration**

Includes costs relating to provision of engineering services.

### **Water supplies**

All matters relating to the provision of water supplies.

### **Sewerage services**

All matters relating to the provision of sewerage services.

### **Domestic waste management**

Includes costs relating to collection of residential and commercial bins.

### **State highways**

All matters relating to works conducted on state highways.

### **Quarries**

All matters relating to the production of quarry materials for council roadworks.

### **Plant fund**

All matters relating to councils vehicle fleet.



## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	3,777	3,682
Farmland	3,642	3,559
Business	328	320
Less: pensioner rebates (mandatory)	(208)	(212)
<b>Rates levied to ratepayers</b>	<b>7,539</b>	<b>7,349</b>
Pensioner rate subsidies received	114	117
<b>Total ordinary rates</b>	<b>7,653</b>	<b>7,466</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	1,172	1,130
Water supply services	1,092	1,041
Sewerage services	1,494	1,417
Drainage	195	189
Waste management services (non-domestic)	337	330
Less: pensioner rebates (mandatory)	(144)	(147)
<b>Annual charges levied</b>	<b>4,146</b>	<b>3,960</b>
Pensioner annual charges subsidies received:		
– Water	26	27
– Sewerage	25	26
– Domestic waste management	30	30
<b>Total annual charges</b>	<b>4,227</b>	<b>4,043</b>
<b>Total rates and annual charges</b>	<b>11,880</b>	<b>11,509</b>

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

\$ '000	Timing	2023	2022
<b>User charges</b>			
Water supply services	1	853	828
Sewerage services	1	377	362
Waste management services (non-domestic)	1	946	968
<b>Total user charges</b>		<b>2,176</b>	<b>2,158</b>
<b>Fees</b>			
Building services – other	2	21	12
Inspection services	2	80	77
Planning and building regulation	2	186	149
Private works – section 67	1	14	25
Section 603 certificates	2	20	29
Other	2	114	129
Art galleries	2	8	5
Caravan parks	2	138	82
Cemeteries	2	155	162
Pools	2	175	114
Quarries	2	49	27
Transport for NSW works (State roads not controlled by council)	1	8,067	7,027
<b>Total fees</b>		<b>9,027</b>	<b>7,838</b>
<b>Total user charges and fees</b>		<b>11,203</b>	<b>9,996</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		10,257	9,210
User charges and fees recognised at a point in time (2)		946	786
<b>Total user charges and fees</b>		<b>11,203</b>	<b>9,996</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.

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

## B2-3 Other revenues

\$ '000	Timing	2023	2022
Other	2	122	25
<b>Total other revenue</b>		<b>122</b>	<b>25</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	122	25
<b>Total other revenue</b>	<b>122</b>	<b>25</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 and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance <sup>3</sup>	2	1,443	2,523	—	—
<b>Payment in advance - future year allocation</b>					
Financial assistance <sup>3</sup>	2	5,695	3,881	—	—
<b>Amount recognised as income during current year</b>		<b>7,138</b>	<b>6,404</b>	<b>—</b>	<b>—</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Water supplies	1	—	—	170	(23)
Sewerage services	1	—	—	827	324
Library	2	90	88	—	—
LIRS subsidy	2	22	28	—	—
Storm/flood damage	2	—	29	—	—
Community projects	1	1,714	3,804	1,365	1,987
Flood mitigation	1	—	—	68	12
Waste sustainability	2	—	55	—	—
Street lighting	2	35	35	—	—
Transport (other roads and bridges funding)	1	3,816	6,142	76,151	19,703
Roads and bridges	2	—	—	—	123
Transport for NSW contributions (regional roads, block grant)	2	1,084	946	—	—
Other contributions	2	55	102	—	—
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>6,816</b>	<b>11,229</b>	<b>78,581</b>	<b>22,126</b>
<b>Non-cash contributions</b>					
Bushfire services	2	—	—	—	204
Drainage	2	—	—	518	337
Recreation and culture	2	—	—	4	—
Roads and bridges	2	—	—	176	736
Sewerage (excl. section 64 contributions)	2	—	—	148	—
Water supplies (excl. section 64 contributions)	2	—	—	68	—
<b>Total other contributions – non-cash</b>		<b>—</b>	<b>—</b>	<b>914</b>	<b>1,277</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>6,816</b>	<b>11,229</b>	<b>79,495</b>	<b>23,403</b>
<b>Total grants and non-developer contributions</b>		<b>13,954</b>	<b>17,633</b>	<b>79,495</b>	<b>23,403</b>
<b>Comprising:</b>					
– Commonwealth funding		8,511	7,583	2,976	2,815
– State funding		5,366	9,961	75,605	19,392
– Other funding		77	89	914	1,196
		<b>13,954</b>	<b>17,633</b>	<b>79,495</b>	<b>23,403</b>

(3) \$5.695m of the 2023 - 2024 Financial Assistance Grant from the Commonwealth Government was received by Council in June 2023 and hence is reported as 2022 - 2023 income although it relates to the 2023 - 2024 financial year.

## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions:</b> <b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G4					
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	71	98	(10)	–
<b>Total developer contributions – cash</b>			<b>71</b>	<b>98</b>	<b>(10)</b>	<b>–</b>
<b>Total developer contributions</b>			<b>71</b>	<b>98</b>	<b>(10)</b>	<b>–</b>
<b>Total contributions</b>			<b>71</b>	<b>98</b>	<b>(10)</b>	<b>–</b>
<b>Total grants and contributions</b>			<b>14,025</b>	<b>17,731</b>	<b>79,485</b>	<b>23,403</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			1,714	9,946	57,078	22,003
Grants and contributions recognised at a point in time (2)			12,311	7,785	22,407	1,400
<b>Total grants and contributions</b>			<b>14,025</b>	<b>17,731</b>	<b>79,485</b>	<b>23,403</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	3,947	828	9,936	3,182
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,645	3,947	10,362	9,936
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(3,947)	(828)	(9,936)	(3,182)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	—	—	—	—
<b>Unspent funds at 30 June</b>	<b>3,645</b>	<b>3,947</b>	<b>10,362</b>	<b>9,936</b>

Various grants for roads, bridges, parks, community buildings and community projects

### Accounting policy

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

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

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

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

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

## B2-4 Grants and contributions (continued)

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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**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	<b>54</b>	51
– Cash and investments	<b>950</b>	64
<b>Total interest and investment income (losses)</b>	<b>1,004</b>	<b>115</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.



## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	9,692	8,567
Employee leave entitlements (ELE)	2,089	1,809
Superannuation – defined contribution plans	1,017	891
Superannuation – defined benefit plans	142	146
Workers' compensation insurance	250	271
Fringe benefit tax (FBT)	41	24
Training costs (other than salaries and wages)	237	190
Other	246	138
<b>Total employee costs</b>	<b>13,714</b>	<b>12,036</b>
Less: capitalised costs	(4,252)	(1,960)
<b>Total employee costs expensed</b>	<b>9,462</b>	<b>10,076</b>
Number of 'full-time equivalent' employees (FTE) at year end	146	122

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

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

### B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		10,649	5,877
Audit Fees	F2-1	83	69
Councillor and Mayoral fees and associated expenses	F1-2	153	149
Advertising		63	66
Electricity and heating		301	245
Insurance		413	463
Street lighting		103	107
Subscriptions and publications		13	15
Telephone and communications		97	85
Emergency services		378	369
Regional library		475	460
<b>Legal expenses:</b>			
– Legal expenses: debt recovery		21	23
– Legal expenses: other		26	4
<b>Total materials and services</b>		<b>12,775</b>	<b>7,932</b>
<b>Total materials and services</b>		<b>12,775</b>	<b>7,932</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 loans		<b>298</b>	308
<b>Total interest bearing liability costs</b>		<b>298</b>	308
<b>Total interest bearing liability costs expensed</b>		<b>298</b>	308
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	<b>15</b>	44
<b>Total other borrowing costs</b>		<b>15</b>	44
<b>Total borrowing costs expensed</b>		<b>313</b>	352

#### 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
<b>Depreciation and amortisation</b>			
Plant and equipment		1,494	1,399
Office equipment		61	63
Furniture and fittings		1	1
Land improvements (depreciable)		–	23
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		79	69
– Buildings – specialised		424	379
– Other structures		379	304
– Roads		4,462	4,705
– Bridges		1,780	1,506
– Footpaths		67	60
– Stormwater drainage		83	76
– Water supply network		352	344
– Sewerage network		251	246
– Swimming pools		84	70
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5, C1-6	1	4
– Quarry assets	C3-5, C1-6	–	47
<b>Total gross depreciation and amortisation costs</b>		<b>9,518</b>	<b>9,296</b>
<b>Total depreciation and amortisation costs</b>		<b>9,518</b>	<b>9,296</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-6		
– Roads		(13,336)	19,026
– Bridges		374	(82)
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>(12,962)</b>	<b>18,944</b>
Amounts taken through revaluation reserve	C1-6	12,962	(18,944)
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>9,518</b>	<b>9,296</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. Useful lives are included in Note C1-6 for IPPE assets.

#### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

**B3-5 Other expenses**

<b>\$ '000</b>	Notes	<b>2023</b>	<b>2022</b>
<b>Impairment of receivables</b>			
User charges and fees		<b>1</b>	—
<b>Total impairment of receivables</b>	C1-3	<b>1</b>	—
<b>Other</b>			
Donations, contributions and assistance to other organisations (Section 356)		<b>715</b>	339
<b>Total other</b>		<b>715</b>	<b>339</b>
<b>Total other expenses</b>		<b>716</b>	<b>339</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**

<b>\$ '000</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		<b>400</b>	547
Less: carrying amount of plant and equipment assets sold/written off		<b>(177)</b>	(380)
<b>Gain (or loss) on disposal</b>		<b>223</b>	167
<b>Gain (or loss) on disposal of infrastructure</b>	C1-6		
Less: carrying amount of infrastructure assets sold/written off		<b>(7,392)</b>	(4,344)
<b>Gain (or loss) on disposal</b>		<b>(7,392)</b>	(4,344)
<b>Net gain (or loss) from disposal of assets</b>		<b>(7,169)</b>	(4,177)

**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 14 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> Level of Transport NSW works higher than anticipated.	9,955	11,203	1,248	13% <b>F</b>
<b>Other revenues</b> Staff subsidies higher than anticipated.	6	122	116	1,933% <b>F</b>
<b>Operating grants and contributions</b> Additional funding approved after original estimates adopted.	7,609	14,025	6,416	84% <b>F</b>
<b>Capital grants and contributions</b> Additional funding approved after original estimates adopted.	12,303	79,485	67,182	546% <b>F</b>
<b>Interest and investment revenue</b> Level of funds invested higher than anticipated.	244	1,004	760	311% <b>F</b>
<b>Expenses</b>				
<b>Materials and services</b> Level of Transport NSW works higher than anticipated. Additional projects approved through revotes.	6,773	12,775	(6,002)	(89)% <b>U</b>
<b>Other expenses</b> Additional expenditure approved through revotes.	366	716	(350)	(96)% <b>U</b>
<b>Net losses from disposal of assets</b> Council does not budget for disposal of infrastructure assets.	54	7,169	(7,115)	(13,176)% <b>U</b>
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b> Additional funding approved after initial estimates adopted.	25,247	90,158	64,911	257% <b>F</b>

## 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	23,508	20,329
Cash equivalent assets		
– Deposits at call	28,000	20,000
<b>Total cash and cash equivalents</b>	<b>51,508</b>	<b>40,329</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	51,508	40,329
<b>Balance as per the Statement of Cash Flows</b>	<b>51,508</b>	<b>40,329</b>

#### Accounting policy

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

## C1-2 Restricted and allocated cash, cash equivalents and investments

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>51,508</b>	<b>40,329</b>
Less: Externally restricted cash, cash equivalents and investments	<b>(15,648)</b>	<b>(15,167)</b>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>35,860</b>	<b>25,162</b>
<b>External restrictions</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Retention bonds and deposits	<b>431</b>	<b>387</b>
Specific purpose unexpended grants – general fund	<b>13,672</b>	<b>13,118</b>
Specific purpose unexpended grants – water fund	<b>335</b>	<b>426</b>
Specific purpose unexpended grants – sewer fund	<b>–</b>	<b>339</b>
<b>External restrictions</b>	<b>14,438</b>	<b>14,270</b>
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<b>112</b>	<b>108</b>
Developer contributions – sewer fund	<b>56</b>	<b>55</b>
Water fund	<b>150</b>	<b>119</b>
Sewer fund	<b>892</b>	<b>615</b>
<b>External restrictions – other</b>	<b>1,210</b>	<b>897</b>
<b>Total external restrictions</b>	<b>15,648</b>	<b>15,167</b>

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



**C1-2 Restricted and allocated cash, cash equivalents and investments (continued)**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
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**(b) Internal allocations**

<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>35,860</b>	<b>25,162</b>
Less: Internally allocated cash, cash equivalents and investments	<b>(21,842)</b>	<b>(18,581)</b>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>14,018</b>	<b>6,581</b>

**Internal allocations**

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

Plant and vehicle replacement	<b>694</b>	2,917
Employees leave entitlement	<b>1,447</b>	1,378
Carry over works	<b>15,984</b>	10,916
Building replacement	<b>150</b>	150
Commercial waste	<b>573</b>	573
Emergency works	<b>500</b>	500
Information technology	<b>100</b>	100
Quarries	<b>1,194</b>	847
Roads and bridges	<b>1,000</b>	1,000
Stormwater management	<b>200</b>	200
<b>Total internal allocations</b>	<b>21,842</b>	<b>18,581</b>

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

## C1-3 Receivables

<b>\$ '000</b>	<b>2023 Current</b>	<b>2023 Non-current</b>	<b>2022 Current</b>	<b>2022 Non-current</b>
Rates and annual charges	835	–	771	–
User charges and fees	3,825	–	1,641	–
Accrued revenues				
– Interest on investments	136	–	25	–
Government grants and subsidies	2,952	–	3,971	–
Net GST receivable	2,138	–	432	–
Other debtors	1	–	1	–
<b>Total</b>	<b>9,887</b>	<b>–</b>	<b>6,841</b>	<b>–</b>
<b>Less: provision for impairment</b>				
Other debtors	(4)	–	(3)	–
<b>Total provision for impairment – receivables</b>	<b>(4)</b>	<b>–</b>	<b>(3)</b>	<b>–</b>
<b>Total net receivables</b>	<b>9,883</b>	<b>–</b>	<b>6,838</b>	<b>–</b>

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	3	6
Impairment loss recognised	1	–
– amounts already provided for and written off this year	–	(3)
<b>Balance at the end of the year</b>	<b>4</b>	<b>3</b>

## C1-3 Receivables (continued)

### Accounting policy

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

### Impairment

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

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

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

## C1-4 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	1,631	–	3,017	–
Trading stock	652	–	492	–
<b>Total inventories at cost</b>	<b>2,283</b>	<b>–</b>	<b>3,509</b>	<b>–</b>
<b>Total inventories</b>	<b>2,283</b>	<b>–</b>	<b>3,509</b>	<b>–</b>

### Accounting policy

### Raw materials and stores, work in progress and finished goods

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

## C1-5 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	1,384	—	400	—
<b>Total contract assets and contract cost assets</b>	<b>1,384</b>	<b>—</b>	<b>400</b>	<b>—</b>

### Contract assets

Grants - Transport	1,384	—	400	—
<b>Total contract assets</b>	<b>1,384</b>	<b>—</b>	<b>400</b>	<b>—</b>

### Significant changes in contract assets

The 2022 balance related to the Heavy Vehicle Safety and Productivity Program. In 2023 Council has contract assets relating to the Remote Roads Upgrade Program and Fixing Country Bridges.

### 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.

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss recognised in equity (ARR)	WIP transfers	Adjustments and transfers	Revaluation increments / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	23,316	–	23,316	13,934	969	–	–	–	(21,140)	–	–	17,079	–	17,079
Plant and equipment	21,108	(12,694)	8,414	1,652	2,343	(177)	(1,494)	–	–	–	–	23,682	(12,944)	10,738
Office equipment	790	(726)	64	44	–	–	(61)	–	–	–	–	834	(787)	47
Furniture and fittings	31	(24)	7	–	–	–	(1)	–	–	–	–	31	(25)	6
<b>Land:</b>														
– Operational land	6,490	–	6,490	–	249	–	–	–	72	–	2,229	9,040	–	9,040
– Community land	1,809	–	1,809	–	–	–	–	–	–	–	(132)	1,677	–	1,677
– Land under roads (pre 1/7/08)	2,115	–	2,115	–	–	–	–	–	–	–	–	2,115	–	2,115
– Land under roads (post 30/6/08)	3	–	3	–	–	–	–	–	–	–	–	3	–	3
Land improvements – depreciable	1,462	(457)	1,005	–	–	–	–	–	–	(973)	2	42	(8)	34
<b>Infrastructure:</b>														
– Buildings – non-specialised	4,715	(2,193)	2,522	–	–	–	(79)	–	–	110	248	4,957	(2,156)	2,801
– Buildings – specialised	29,461	(14,772)	14,689	514	–	–	(424)	–	91	863	(411)	30,676	(15,354)	15,322
– Other structures	9,350	(3,978)	5,372	196	474	–	(379)	–	734	–	(205)	10,626	(4,434)	6,192
– Roads	275,545	(102,656)	172,889	44,816	2,155	(2,950)	(4,462)	13,336	14,524	–	(26,440)	300,965	(87,097)	213,868
– Bridges	206,477	(73,714)	132,763	16,285	–	(4,411)	(1,780)	(374)	4,964	–	11,541	215,499	(56,511)	158,988
– Footpaths	4,368	(908)	3,460	1	–	–	(67)	–	–	–	200	4,626	(1,032)	3,594
– Bulk earthworks (non-depreciable)	16,205	–	16,205	–	436	–	–	–	–	–	985	17,626	–	17,626
– Stormwater drainage	31,351	(3,827)	27,524	–	530	–	(83)	–	–	–	2,129	34,318	(4,218)	30,100
– Water supply network	34,755	(11,158)	23,597	–	185	–	(352)	–	538	–	1,391	37,899	(12,540)	25,359
– Sewerage network	39,864	(8,902)	30,962	361	212	(31)	(251)	–	–	–	2,142	43,102	(9,707)	33,395
– Swimming pools	6,205	(3,954)	2,251	–	–	–	(84)	–	–	–	341	6,779	(4,271)	2,508
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	821	(476)	345	–	–	–	(1)	–	–	(330)	–	491	(477)	14
– Quarry assets	942	(507)	435	–	–	–	–	–	–	(435)	–	507	(507)	–
<b>Total infrastructure, property, plant and equipment</b>	<b>717,183</b>	<b>(240,946)</b>	<b>476,237</b>	<b>77,803</b>	<b>7,553</b>	<b>(7,569)</b>	<b>(9,518)</b>	<b>12,962</b>	<b>(217)</b>	<b>(765)</b>	<b>(5,980)</b>	<b>762,574</b>	<b>(212,068)</b>	<b>550,506</b>

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss recognised in equity (ARR)	WIP transfers	Adjustments and transfers	Revaluation increments / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	6,172	–	6,172	17,097	1,347	–	–	–	(1,300)	–	–	23,316	–	23,316
Plant and equipment	21,231	(11,846)	9,385	808	–	(380)	(1,399)	–	–	–	–	21,108	(12,694)	8,414
Office equipment	790	(662)	128	–	–	–	(63)	–	–	–	–	790	(726)	64
Furniture and fittings	31	(24)	7	–	–	–	(1)	–	–	–	–	31	(24)	7
<b>Land:</b>														
– Operational land	5,748	–	5,748	–	–	–	–	–	–	–	742	6,490	–	6,490
– Community land	1,603	–	1,603	–	–	–	–	–	–	–	206	1,809	–	1,809
– Land under roads (pre 1/7/08)	1,873	–	1,873	–	–	–	–	–	–	–	242	2,115	–	2,115
– Land under roads (post 30/6/08)	3	–	3	–	–	–	–	–	–	–	–	3	–	3
Land improvements – depreciable	1,332	(393)	939	–	–	–	(23)	–	–	–	89	1,462	(457)	1,005
<b>Infrastructure:</b>														
– Buildings – non-specialised	4,168	(1,929)	2,239	–	–	–	(69)	–	–	–	352	4,715	(2,193)	2,522
– Buildings – specialised	26,965	(13,390)	13,575	116	33	–	(379)	–	21	–	1,322	29,461	(14,772)	14,689
– Other structures	7,843	(3,291)	4,552	362	617	(3)	(304)	–	190	–	(42)	9,350	(3,978)	5,372
– Roads	253,959	(75,066)	178,893	3,191	1,055	(2,276)	(4,705)	(19,026)	95	–	15,662	275,545	(102,656)	172,889
– Bridges	194,111	(79,247)	114,864	10,836	–	(1,999)	(1,506)	82	592	–	9,894	206,477	(73,714)	132,763
– Footpaths	3,828	(796)	3,032	–	304	(19)	(60)	–	173	–	30	4,368	(908)	3,460
– Bulk earthworks (non-depreciable)	15,046	–	15,046	–	–	–	–	–	–	–	1,159	16,205	–	16,205
– Stormwater drainage	29,513	(3,572)	25,941	31	337	(5)	(76)	–	1	–	1,295	31,351	(3,827)	27,524
– Water supply network	33,401	(5,945)	27,456	211	53	(41)	(344)	–	63	–	(3,800)	34,755	(11,158)	23,597
– Sewerage network	34,799	(5,073)	29,726	–	–	–	(246)	–	–	–	1,482	39,864	(8,902)	30,962
– Swimming pools	5,656	(3,534)	2,122	–	–	–	(70)	–	–	–	199	6,205	(3,954)	2,251
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	792	(472)	320	–	–	–	(4)	–	–	29	–	821	(476)	345
– Quarry assets	1,171	(460)	711	–	–	–	(47)	–	–	(229)	–	942	(507)	435
<b>Total infrastructure, property, plant and equipment</b>	<b>650,035</b>	<b>(205,700)</b>	<b>444,335</b>	<b>32,652</b>	<b>3,746</b>	<b>(4,723)</b>	<b>(9,296)</b>	<b>(18,944)</b>	<b>(165)</b>	<b>(200)</b>	<b>28,832</b>	<b>717,183</b>	<b>(240,946)</b>	<b>476,237</b>

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

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

### Accounting policy

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

IPPE is measured initially at cost. Cost includes 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.

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

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

#### Revaluation model

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

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

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

#### Useful lives of IPPE

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5	Playground equipment	5 to 15
Office furniture	5	Benches, seats etc.	10 to 20
Computer equipment	3		
Vehicles	10 to 20	<b>Buildings</b>	
Heavy plant/road making equipment	10	Buildings: masonry	80 to 170
Other plant and equipment	10	Buildings: other	15 to 65
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Civil works	15 to 150	Drains	144 to 203
Mechanical and electrical	15 to 60	Culverts	150 to 203
Reticulation pipes: Water	65 to 203		
Reticulation pipes: Sewer	133 to 319		
<b>Transportation assets</b>			
Sealed roads: surface	10 to 35		
Sealed roads: structure	100		
Unsealed roads	20 to 38		
Bridge: concrete	141		
Bridge: timber	141		
Road pavements	125		
Kerb, gutter and footpaths	30 to 70		

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

#### Land under roads

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

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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".

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

## Infrastructure, property, plant and equipment – current year impairments

\$ '000	2023	2022
(i) Impairment losses recognised direct to equity (ARR):		
Roads assets impaired during various flood events 2020, 2021 & 2022	(12,962)	18,944
<b>Total impairment losses</b>	<b>(12,962)</b>	<b>18,944</b>
<b>Impairment of assets – direct to equity (ARR)</b>	<b>(12,962)</b>	<b>18,944</b>



## C2 Leasing activities

### C2-1 Council as a lessee

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Council is not party to any lease arrangements that would require recognition under AASB 16.

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

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

The leases are generally between 1 and 20 years and require payments of less than \$1,000 per year.

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.

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

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	3,231	–	1,814	–
Goods and services – capital expenditure	7,591	–	1,818	–
Accrued expenses:				
– Borrowings	71	–	80	–
– Salaries and wages	488	–	357	–
– Other expenditure accruals	194	–	164	–
Security bonds, deposits and retentions	220	212	195	192
Prepaid rates	1,040	–	186	–
<b>Total payables</b>	<b>12,835</b>	<b>212</b>	<b>4,614</b>	<b>192</b>

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	–	–
Other liabilities	–	–
<b>Total payables</b>	<b>–</b>	<b>–</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 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	7,760	–	9,715	–
<b>Total grants received in advance</b>		<b>7,760</b>	<b>–</b>	<b>9,715</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>7,760</b>	<b>–</b>	<b>9,715</b>	<b>–</b>

### Notes

(i) Council has received funding to construct assets including sporting facilities, roads, bridges 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.

### 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)	6,235	2,787
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>6,235</b>	<b>2,787</b>

### Significant changes in contract liabilities

Council has received funding in advance for "Sports Priority Needs Program", "Fixing Local Roads", "Local Roads and Community infrastructure Program", "Public Spaces Legacy Program" "Black Summer Bushfire Recovery" and "Bushfire Local Economic Recovery Fund"

### 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

<b>\$ '000</b>	<b>2023 Current</b>	<b>2023 Non-current</b>	<b>2022 Current</b>	<b>2022 Non-current</b>
Bank overdraft	79	–	55	–
Loans – secured <sup>1</sup>	1,753	11,594	1,716	13,347
<b>Total borrowings</b>	<b>1,832</b>	<b>11,594</b>	<b>1,771</b>	<b>13,347</b>

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

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

### C3-3 Borrowings (continued)

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

	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	15,063	(1,716)	–	–	–	–	13,347
<b>Total liabilities from financing activities</b>	<b>15,063</b>	<b>(1,716)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>13,347</b>

	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	6,282	8,781	–	–	–	–	15,063
<b>Total liabilities from financing activities</b>	<b>6,282</b>	<b>8,781</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15,063</b>

#### (b) Financing arrangements

\$ '000	2023	2022
<b>Total facilities</b>		
Credit cards/purchase cards	12	12
<b>Total financing arrangements</b>	<b>12</b>	<b>12</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	12	12
<b>Total undrawn financing arrangements</b>	<b>12</b>	<b>12</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

##### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

<b>\$ '000</b>	<b>2023 Current</b>	<b>2023 Non-current</b>	<b>2022 Current</b>	<b>2022 Non-current</b>
Annual leave	1,217	–	1,105	–
Long service leave	1,429	144	1,250	243
Other leave – time in lieu	47	–	50	–
ELE on-costs	151	–	157	–
<b>Total employee benefit provisions</b>	<b>2,844</b>	<b>144</b>	<b>2,562</b>	<b>243</b>

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

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

Provisions – employees benefits	<b>1,664</b>	1,483
	<b>1,664</b>	<b>1,483</b>

## C3-4 Employee benefit provisions (continued)

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### Accounting policy

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

### Short-term obligations

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

### Other long-term employee benefit obligations

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

### On-costs

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

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

## C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	728	–	2,002
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>728</b>	<b>–</b>	<b>2,002</b>
<b>Total provisions</b>	<b>–</b>	<b>728</b>	<b>–</b>	<b>2,002</b>

## Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2023</b>		
At beginning of year	2,002	2,002
Changes to provision:		
– Revised costs	(1,155)	(1,155)
Unwinding of discount	15	15
Remeasurement effects	(134)	(134)
Total other provisions at end of year	728	728
<b>2022</b>		
At beginning of year	2,168	2,168
Changes to provision:		
– Revised costs	(201)	(201)
Unwinding of discount	44	44
Remeasurement effects	(9)	(9)
Total other provisions at end of year	2,002	2,002

## Nature and purpose of provisions

### Asset remediation

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

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

Asset/operation	Estimated year of restoration	NPV of provision	
		2023	2022
Tip Remediation - Kyogle	2051	303	628
Tip Remediation - Mallanganee	2027	13	17
Tip Remediation - Woodenbong	2048	147	152
Quarry Remediation - Millers	2032	67	536
Quarry Remediation - Medhurst	2032	136	466
Quarry Remediation - Griffiths	2029	20	69
Quarry Remediation - Lloyds	2029	42	134
<b>Balance at the end of the reporting period</b>		<b>728</b>	<b>2,002</b>

### 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.



## C3-5 Provisions (continued)

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

#### Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

#### Rehabilitation

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

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

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

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

#### IPPE Revaluation reserve

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>Income from continuing operations</b>			
Rates and annual charges	9,334	1,072	1,474
User charges and fees	9,970	856	377
Interest and investment revenue	999	2	3
Other revenues	122	–	–
Grants and contributions provided for operating purposes	14,003	22	–
Grants and contributions provided for capital purposes	78,272	238	975
<b>Total income from continuing operations</b>	<b>112,700</b>	<b>2,190</b>	<b>2,829</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	8,865	341	256
Materials and services	10,907	1,170	698
Borrowing costs	229	28	56
Depreciation, amortisation and impairment of non-financial assets	8,914	352	252
Other expenses	476	166	74
Net losses from the disposal of assets	7,138	–	31
<b>Total expenses from continuing operations</b>	<b>36,529</b>	<b>2,057</b>	<b>1,367</b>
<b>Operating result from continuing operations</b>	<b>76,171</b>	<b>133</b>	<b>1,462</b>
<b>Net operating result for the year</b>	<b>76,171</b>	<b>133</b>	<b>1,462</b>
<b>Net operating result attributable to each council fund</b>	<b>76,171</b>	<b>133</b>	<b>1,462</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(2,101)</b>	<b>(105)</b>	<b>487</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	50,075	485	948
Receivables	8,830	406	647
Inventories	2,283	—	—
Contract assets and contract cost assets	1,325	—	59
<b>Total current assets</b>	<b>62,513</b>	<b>891</b>	<b>1,654</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	490,535	25,475	34,496
<b>Total non-current assets</b>	<b>490,535</b>	<b>25,475</b>	<b>34,496</b>
<b>Total assets</b>	<b>553,048</b>	<b>26,366</b>	<b>36,150</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12,704	127	4
Contract liabilities	7,446	314	—
Borrowings	1,557	245	30
Employee benefit provision	2,650	97	97
<b>Total current liabilities</b>	<b>24,357</b>	<b>783</b>	<b>131</b>
<b>Non-current liabilities</b>			
Payables	212	—	—
Borrowings	10,551	339	704
Employee benefit provision	144	—	—
Provisions	728	—	—
<b>Total non-current liabilities</b>	<b>11,635</b>	<b>339</b>	<b>704</b>
<b>Total liabilities</b>	<b>35,992</b>	<b>1,122</b>	<b>835</b>
<b>Net assets</b>	<b>517,056</b>	<b>25,244</b>	<b>35,315</b>
<b>EQUITY</b>			
Accumulated surplus	273,220	15,603	11,922
Revaluation reserves	243,836	9,641	23,393
<b>Council equity interest</b>	<b>517,056</b>	<b>25,244</b>	<b>35,315</b>
<b>Total equity</b>	<b>517,056</b>	<b>25,244</b>	<b>35,315</b>

## D2 Interests in other entities

### D2-1 Subsidiaries, joint arrangements and associates not recognised

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

Name of entity/operation	Principal activity/type of entity	2023	2023
		Net loss	Net assets
Newlog	Vehicle Weight Limits	(18)	62

#### Reasons for non-recognition

The Council is a member of the North-East Weight of Loads Group. The constitution of the group specifies the council as having a part "ownership" of the groups net assets but not one member as having control. The stated objectives of the group include to generally promote the aims of reducing damage to Councils roads by policing of vehicles weight limits.

Council's share of the operations (12.5%) have been deemed as "immaterial" and therefore have not been incorporated into these Financial Statements.

## E Risks and accounting uncertainties

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

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

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

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

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

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

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	51,508	40,329	51,508	40,329
Receivables	9,883	6,838	9,883	6,838
<b>Total financial assets</b>	<b>61,391</b>	<b>47,167</b>	<b>61,391</b>	<b>47,167</b>
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Bank overdraft	79	55	79	55
Payables	13,047	4,806	13,047	4,806
Loans/advances	13,347	15,063	12,453	15,934
<b>Total financial liabilities</b>	<b>26,473</b>	<b>19,924</b>	<b>25,579</b>	<b>20,795</b>

Fair value is determined as follows:

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

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

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

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.

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

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

### (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	515	403

### (b) Credit risk

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

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

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

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

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

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

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

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

### Credit risk profile

#### Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
<b>2023</b>				
Gross carrying amount	784	51	–	835
<b>2022</b>				
Gross carrying amount	738	33	–	771

#### 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.

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	10,436	—	—	—	—	10,436
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2022						
Gross carrying amount	6,470	—	—	—	—	6,470
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

### (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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
\$ '000							
2023							
Bank overdraft	0.00%	79	—	—	—	79	79
Payables	0.00%	432	12,615	—	—	13,047	13,047
Borrowings	2.09%	—	2,022	9,227	3,703	14,952	13,347
Total financial liabilities		511	14,637	9,227	3,703	28,078	26,473
2022							
Bank overdraft	0.00%	55	—	—	—	55	55
Payables	0.00%	387	4,419	—	—	4,806	4,806
Borrowings	2.09%	—	2,022	7,770	7,183	16,975	15,063
Total financial liabilities		442	6,441	7,770	7,183	21,836	19,924

## 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

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	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment	C1-6								
Plant & Equipment		30/06/23	30/06/22	—	—	10,738	8,414	10,738	8,414
Office Equipment		30/06/23	30/06/22	—	—	47	64	47	64
Furniture & Fittings		30/06/23	30/06/22	—	—	6	7	6	7
Land Operational		01/07/22	30/06/18	—	—	7,411	4,862	7,411	4,862
Land Community		01/07/22	30/06/18	—	—	1,677	1,809	1,677	1,809
Land Crown		01/07/22	30/06/18	—	—	1,628	1,628	1,628	1,628
Land under Roads		30/06/21	30/06/21	—	—	2,118	2,118	2,118	2,118
Land Improvements		01/07/22	30/06/18	—	—	34	1,005	34	1,005
Buildings		01/07/22	30/06/18	—	—	18,123	17,210	18,123	17,210
Other Structures		01/07/22	30/06/18	—	—	6,192	5,372	6,192	5,372
Roads		31/03/20	31/03/20	—	—	213,868	172,889	213,868	172,889
Bridges		30/06/21	30/06/21	—	—	158,988	132,763	158,988	132,763
Footpaths		31/03/20	31/03/20	—	—	3,593	3,460	3,593	3,460
Earthworks		31/03/20	31/03/20	—	—	17,626	16,205	17,626	16,205
Stormwater Drainage		01/07/21	01/07/21	—	—	30,100	27,524	30,100	27,524
Water Supply		01/07/21	01/07/21	—	—	25,359	23,597	25,359	23,597
Sewerage Network		01/07/21	01/07/21	—	—	33,395	30,962	33,395	30,962
Swimming Pools		01/07/22	30/06/18	—	—	2,508	2,251	2,508	2,251
Reinstatement Assets		30/06/23	30/06/22	—	—	14	780	14	780
Total infrastructure, property, plant and equipment				—	—	533,425	452,920	533,425	452,920

Note that Capital WIP is not included above since it is carried at cost.



## E2-1 Fair value measurement (continued)

### Valuation techniques

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

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

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

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

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying 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, servers etc.
- Furniture & Fittings - Chairs & desks etc.

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

##### Operational & Community Land & Land Improvements

The key unobservable input to the valuation of these classes of assets is the price per square metre. The last valuation was undertaken at 1 July 2022 and was performed by Marsh Pty Ltd.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal.

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

##### Crown Land

Council's Crown Land ( including land managed by Council ) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. Many of these parcels of land have no feasible alternative use, such as parks and reserves. Community land is valued using the 'Market Approach'.

Fair value is derived by adjusting observable market inputs using unobservable inputs. The resulting measurement is categorised within level 3. Crown Land was revalued as at 1 July 2022. There has been no change to the valuation process during the reporting period.

##### Land Under Roads

Land under roads has been valued using the Englobo method for nearby or adjacent Community Land having regard to the highest and best use for this land. Land under roads was revalued at 30 June 2021 by internal staff.

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

##### Buildings - Non-Specialised & Specialised

Buildings were valued by Marsh Pty Ltd at 1 July 2022 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

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

## E2-1 Fair value measurement (continued)

### Other Structures

These assets include all other structures not included in the category of Buildings. Examples include statues, fences, monuments and clocktowers. Other Structures were valued by Marsh Pty Ltd at 1 July 2022 using the cost approach. The approach estimated the replacement cost for each structure by componentising the structures into significant parts with different useful lives and taking into account a range of factors. While all structures were physically inspected inputs such as pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

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

### Roads & Footpaths ( including Bulk Earthworks )

Roads & Footpaths were revalued at 31 March 2020 by internal staff valuation. The calculation of unit rates has been based on a series of project construction costs. A sample of 6 projects was taken which represents a range of construction types. The costs used in the analysis were based on figures derived from Council 'Work Order' system. The total cost and area for each project were used to derive an average unit cost. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and road type. This asset class is categorised as Level 3 as some of the above mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

This asset class includes the road formation ( bulk earthworks ) road pavement and road seal, along with other road assets including kerb and guttering, guardrail and roadside furniture including signs and other traffic management devices. The cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken in-house 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.

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

### Bridges

Bridges were revalued at 30 June 2021 by internal staff valuation. The calculation of unit rates has been based on a series of project construction costs ( estimated or actual ). This asset class is categorised as Level 3 as some of the above mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

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

### Drainage Infrastructure

Assets within this class comprise pits and pipes.

Drainage infrastructure was revalued at 1 July 2021 by internal staff valuation. 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, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

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

### Water Supply

Assets within this class comprise reservoirs, pumping stations and, water pipelines.

Water Supply infrastructure was revalued as at 1 July 2021 by internal staff valuation. 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, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the DPE - Water.

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

## E2-1 Fair value measurement (continued)

### Sewerage Network

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

Sewerage Network infrastructure was revalued at 1 July 2021 by internal staff valuation. 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, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the DPE - Water.

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

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

#### a. The valuation process for level 3 fair value measurements

##### Fair Value Techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

**'Cost Approach'**: A valuation technique that reflects the amount that would be required to replace the service capacity of an asset ( current replacement cost ).

**'Income Approach'**: A valuation technique that converts future amounts ( cash inflows / outflows ) to signal the current ( i.e. discounted ) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

**'Market Approach'**: A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable ( similar ) assets, liabilities or a group of assets and liabilities such as a business.

##### Valuation Techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets ( i.e. 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:

Level 2 valuation process for some asset classes where the basis was Cost Approach under Level 2 input, whereby maximising observable inputs and minimising unobservable inputs as below:

- \* Quoted prices for similar asset in active markets
- \* Current replacement cost concept
- \* Purchase price
- \* Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach. The inputs used for this technique were:

- \* Pattern of consumption
- \* Asset condition
- \* Unit rates
- \* Useful life

## 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	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>8,414</b>	9,385	<b>64</b>	128	<b>7</b>	8	<b>4,862</b>	4,306
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	–	–	<b>2,228</b>	556
<b>Other movements</b>								
Purchases (GBV)	<b>3,995</b>	808	<b>44</b>	–	–	–	<b>321</b>	–
Disposals (WDV)	<b>(177)</b>	(380)	–	–	–	–	–	–
Depreciation and impairment	<b>(1,494)</b>	(1,399)	<b>(61)</b>	(64)	<b>(1)</b>	(1)	–	–
<b>Closing balance</b>	<b>10,738</b>	<b>8,414</b>	<b>47</b>	<b>64</b>	<b>6</b>	<b>7</b>	<b>7,411</b>	<b>4,862</b>

\$ '000	Community land		Crown lands		Land under Roads		Land improvements	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>1,809</b>	1,603	<b>1,628</b>	1,442	<b>2,118</b>	1,876	<b>1,005</b>	939
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>(132)</b>	206	<b>1</b>	186	–	242	<b>(971)</b>	89
<b>Other movements</b>								
Depreciation and impairment	–	–	–	–	–	–	–	(23)
<b>Closing balance</b>	<b>1,677</b>	<b>1,809</b>	<b>1,629</b>	<b>1,628</b>	<b>2,118</b>	<b>2,118</b>	<b>34</b>	<b>1,005</b>

\$ '000	Buildings non specialised		Building specialised		Other structures		Roads	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>2,522</b>	2,240	<b>14,688</b>	13,574	<b>5,372</b>	4,552	<b>172,889</b>	178,892
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>358</b>	352	<b>452</b>	1,322	<b>183</b>	(42)	<b>(13,492)</b>	(3,364)
<b>Other movements</b>								
Purchases (GBV)	–	–	<b>606</b>	170	<b>1,016</b>	1,169	<b>61,883</b>	4,342
Disposals (WDV)	–	–	–	–	–	(3)	<b>(2,950)</b>	(2,276)
Depreciation and impairment	<b>(79)</b>	(70)	<b>(424)</b>	(378)	<b>(379)</b>	(304)	<b>(4,462)</b>	(4,705)
<b>Closing balance</b>	<b>2,801</b>	<b>2,522</b>	<b>15,322</b>	<b>14,688</b>	<b>6,192</b>	<b>5,372</b>	<b>213,868</b>	<b>172,889</b>

## E2-1 Fair value measurement (continued)

\$ '000	Bridges		Footpaths		Bulk earthworks		Stormwater drainage	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>132,763</b>	114,865	<b>3,460</b>	3,032	<b>16,205</b>	15,046	<b>27,524</b>	25,942
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>11,167</b>	9,975	<b>200</b>	30	<b>985</b>	1,159	<b>2,129</b>	1,295
<b>Other movements</b>								
Purchases (GBV)	<b>21,249</b>	11,428	<b>1</b>	477	<b>436</b>	–	<b>530</b>	368
Disposals (WDV)	<b>(4,411)</b>	(1,999)	<b>–</b>	(19)	<b>–</b>	–	<b>–</b>	(5)
Depreciation and impairment	<b>(1,780)</b>	(1,506)	<b>(67)</b>	(60)	<b>–</b>	–	<b>(83)</b>	(76)
<b>Closing balance</b>	<b>158,988</b>	132,763	<b>3,594</b>	3,460	<b>17,626</b>	16,205	<b>30,100</b>	27,524

\$ '000	Water supply network		Sewerage network		Swimming pools		Reinstate-ment assets	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>23,598</b>	27,454	<b>30,962</b>	29,725	<b>2,251</b>	2,122	<b>780</b>	1,032
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>1,391</b>	(3,800)	<b>2,142</b>	1,483	<b>341</b>	199	<b>–</b>	–
<b>Other movements</b>								
Purchases (GBV)	<b>723</b>	329	<b>573</b>	–	<b>–</b>	–	<b>(765)</b>	(201)
Disposals (WDV)	<b>–</b>	(41)	<b>(31)</b>	–	<b>–</b>	–	<b>–</b>	–
Depreciation and impairment	<b>(352)</b>	(344)	<b>(251)</b>	(246)	<b>(84)</b>	(70)	<b>(1)</b>	(51)
<b>Closing balance</b>	<b>25,360</b>	23,598	<b>33,395</b>	30,962	<b>2,508</b>	2,251	<b>14</b>	780

\$ '000	Total	
	2023	2022
<b>Opening balance</b>	<b>452,921</b>	<b>438,163</b>
Recognised in other comprehensive income – revaluation surplus	<b>6,982</b>	<b>9,888</b>
Purchases (GBV)	<b>90,612</b>	<b>18,890</b>
Disposals (WDV)	<b>(7,569)</b>	<b>(4,723)</b>
Depreciation and impairment	<b>(9,518)</b>	<b>(9,297)</b>
<b>Closing balance</b>	<b>533,428</b>	<b>452,921</b>

### 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 to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

## 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 \$ 142,363.85. The last valuation of the Scheme was performed by Richard Boyland FIAA, and covers the period ended 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$44,838.96. Council's expected contribution to the plan for the next annual reporting period is \$133,748.88.

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

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

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$48,689.40 as at 30 June 2023.

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

\* Plus promotional increases

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

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

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

## E3-1 Contingencies (continued)

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### 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) Richmond Upper-Clarence Regional Library

Council together with other local government authorities have entered into an agreement to operate a regional library known as the Richmond Upper-Clarence Regional Library. Annually, the Council contributes to the library to fund its activities based upon a prescribed formula. In the event that Council wishes to withdraw from the agreement, the assets and liabilities of the Regional Library attributable to Council will be determined by the Library Board of New South Wales.

#### (iii) Section 7.11 Infrastructure

Council has significant obligations to provide Section 7.11 infrastructure in new release areas. It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference ( Refer Note G3 ).



## 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	933	936
Post-employment benefits	99	78
Other long-term benefits	(10)	6
<b>Total</b>	<b>1,022</b>	<b>1,020</b>

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

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

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
<b>2023</b>						
Employee expenses relating to close family members of KMP	1	89	—		—	—
<b>2022</b>						
Employee expenses relating to close family members of KMP	1	89	—		—	—

1 One ( 1 ) close family member of Council's KMP is employed by the Council under the relevant pay award on an arms length basis

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	<b>25</b>	25
Councillors' fees	<b>104</b>	102
Other Councillors' expenses (including Mayor)	<b>24</b>	22
<b>Total</b>	<b>153</b>	<b>149</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2023	2022
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

#### Auditors of the Council - NSW Auditor-General:

##### (i) Audit and other assurance services

Audit and review of financial statements	78	64
Other audit services	5	5
<b>Remuneration for audit and other assurance services</b>	<b>83</b>	<b>69</b>

##### (ii) Non-assurance services

Other audit services	—	—
<b>Remuneration for non-assurance services</b>	<b>—</b>	<b>—</b>

<b>Total Auditor-General remuneration</b>	<b>83</b>	<b>69</b>
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<b>Total audit fees</b>	<b>83</b>	<b>69</b>
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## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>77,766</b>	30,607
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	9,518	9,296
(Gain) / loss on disposal of assets	7,169	4,177
Non-cash capital grants and contributions	(914)	(1,277)
Unwinding of discount rates on reinstatement provisions	15	44
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(3,046)	(837)
Increase / (decrease) in provision for impairment of receivables	1	(3)
(Increase) / decrease of inventories	1,226	(1,631)
(Increase) / decrease of contract asset	(984)	3,341
Increase / (decrease) in payables	1,417	927
Increase / (decrease) in accrued interest payable	(9)	47
Increase / (decrease) in other accrued expenses payable	161	90
Increase / (decrease) in other liabilities	899	205
Increase / (decrease) in contract liabilities	(1,955)	6,928
Increase / (decrease) in employee benefit provision	183	(56)
Increase / (decrease) in other provisions	(1,289)	(210)
<b>Net cash flows from operating activities</b>	<b>90,158</b>	51,648

## G2-1 Commitments

### Capital commitments (exclusive of GST)

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

#### Property, plant and equipment

Bridge Infrastructure	7,554	8,369
Plant and equipment	–	510
Other	74	103
<b>Total commitments</b>	<b>7,628</b>	<b>8,982</b>

#### These expenditures are payable as follows:

Within the next year	4,999	5,353
Later than one year and not later than 5 years	2,629	3,629
<b>Total payable</b>	<b>7,628</b>	<b>8,982</b>

#### Sources for funding of capital commitments:

Unrestricted general funds	1,806	–
Future grants and contributions	5,748	4,169
Unexpended grants	74	4,303
Internally restricted reserves	–	510
<b>Total sources of funding</b>	<b>7,628</b>	<b>8,982</b>

#### Details of capital commitments

Construction of 7 concrete bridges and design of Kyogle civic precinct.

## G3-1 Events occurring after the reporting date

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

## 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					
Roads	88	71	–	–	3	(71)	–	91	–
Open space	21	–	–	–	–	–	–	21	–
<b>S7.11 contributions – under a plan</b>	<b>109</b>	<b>71</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>(71)</b>	<b>–</b>	<b>112</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>109</b>	<b>71</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>(71)</b>	<b>–</b>	<b>112</b>	<b>–</b>
S64 contributions	54	–	–	–	2	–	–	56	–
<b>Total contributions</b>	<b>163</b>	<b>71</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>(71)</b>	<b>–</b>	<b>168</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.

### G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN NUMBER 1									
Roads	88	71	–	–	3	(71)	–	91	–
Open space	21	–	–	–	–	–	–	21	–
Total	109	71	–	–	3	(71)	–	112	–

## G5 Statement of performance measures

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

\$ '000	Amounts 2023	Indicator 2023	2022	Indicators 2021	2020	Benchmark
<b>1. Operating performance ratio</b>						
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>5,451</b>	<b>14.26%</b>	28.90%	7.05%	11.87%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>38,234</b>					
<b>2. Own source operating revenue ratio</b>						
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>24,209</b>	<b>20.57%</b>	34.48%	44.07%	48.13%	> 60.00%
Total continuing operating revenue	<b>117,719</b>					
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	<b>48,298</b>	<b>5.37x</b>	17.82x	5.83x	6.70x	> 1.50x
Current liabilities less specific purpose liabilities	<b>9,000</b>					
<b>4. Debt service cover ratio</b>						
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>15,282</b>	<b>7.53x</b>	13.39x	10.27x	16.55x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>2,029</b>					
<b>5. Rates and annual charges outstanding percentage</b>						
Rates and annual charges outstanding	<b>835</b>	<b>6.57%</b>	6.24%	6.73%	5.80%	< 10.00%
Rates and annual charges collectable	<b>12,705</b>					
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents plus all term deposits	<b>51,508</b>	<b>19.30 months</b>	19.20 months	9.18 months	10.78 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>2,669</b>					

(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>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	<b>14.72%</b>	30.28%	<b>(5.38)%</b>	4.57%	<b>26.27%</b>	26.96%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>18.12%</b>	30.65%	<b>88.13%</b>	99.73%	<b>65.54%</b>	84.47%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>5.37x</b>	17.82x	<b>0.86x</b>	1.06x	<b>10.16x</b>	(1.20)x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>8.43x</b>	16.16x	<b>1.04x</b>	1.77x	<b>9.95x</b>	9.37x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>5.70%</b>	5.48%	<b>12.00%</b>	11.08%	<b>7.93%</b>	7.44%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>19.61</b>	19.71	<b>63.26</b>	10.88	<b>8.85</b>	12.06	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>months</b>	months	<b>months</b>	months	<b>months</b>	months	months

(1) - (2) Refer to Notes at Note G5-1 above.

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

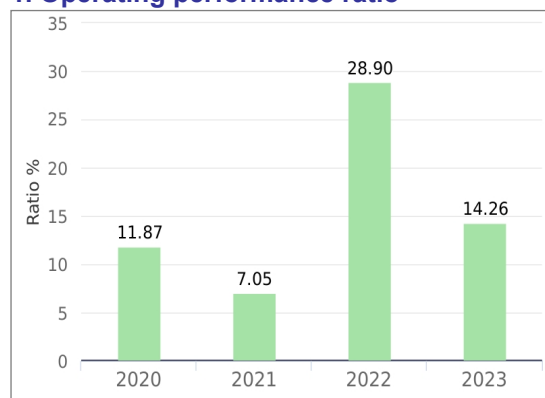


**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

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

##### Commentary on 2022/23 result

2022/23 ratio 14.26%

Council's Operating performance ratio is above the benchmark of 0%. Council has developed strategies & actions within its delivery & operational plan as well as the long term financial plan to improve its operating performance.

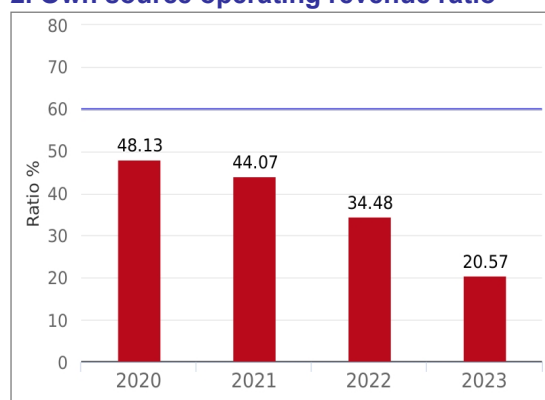
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



##### Purpose of own source operating revenue ratio

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

##### Commentary on 2022/23 result

2022/23 ratio 20.57%

This ratio can fluctuate dramatically each year depending on the level of grant funding. Flood damage funding of \$50.4 Million, Fixing Country Bridges funding of \$21.6 million and advance payment of financial assistance grants of \$5.7 million have impacted this ratio.

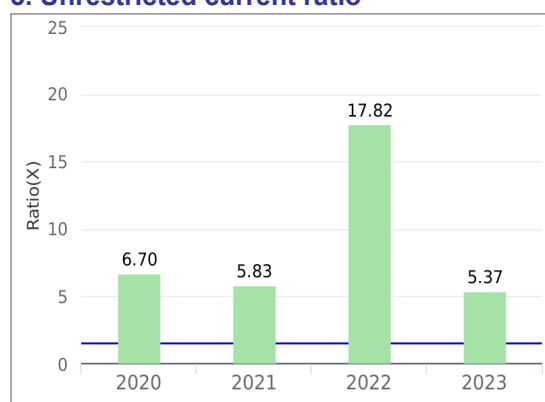
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

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

##### Commentary on 2022/23 result

2022/23 ratio 5.37x

Council has adequate unrestricted cash & internal reserves to satisfy its current obligations and has adequate levels of internally restricted funds to meet identified needs.

Benchmark: — > 1.50x

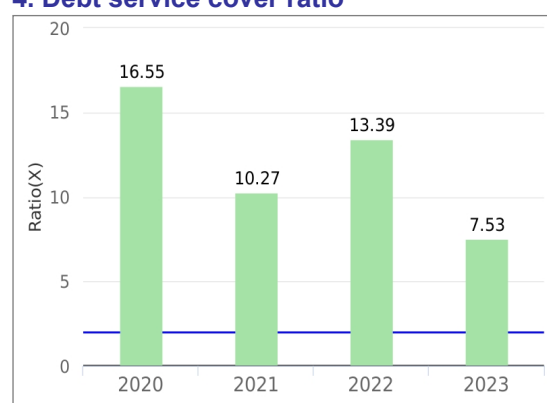
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

## 4. Debt service cover ratio



### Purpose of debt service cover ratio

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

### Commentary on 2022/23 result

2022/23 ratio 7.53x

Council's ability to generate sufficient cash to cover its debt payments is sound & is in excess of the required benchmark.

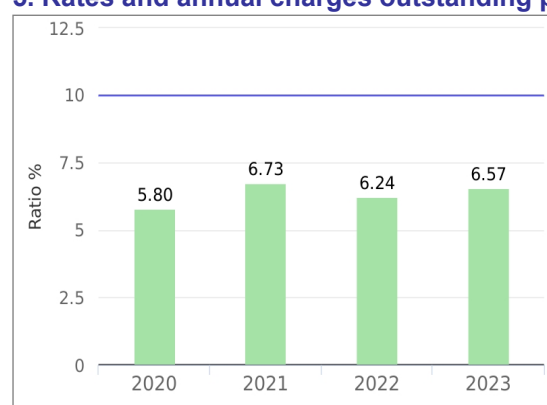
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 5. Rates and annual charges outstanding percentage



### Purpose of rates and annual charges outstanding percentage

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

### Commentary on 2022/23 result

2022/23 ratio 6.57%

This ratio is within the required benchmark of <10.00%. Council will continue to monitor and pursue all outstanding debts.

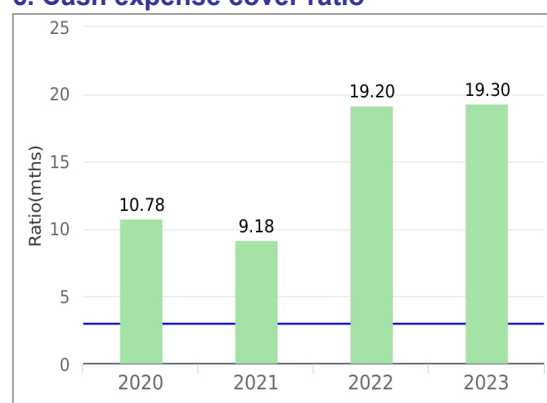
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 6. Cash expense cover ratio



### Purpose of cash expense cover ratio

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

### Commentary on 2022/23 result

2022/23 ratio 19.30 months

Council's ability to continue paying for its immediate expenses without additional cash inflow is sound & is in excess of the required benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Kyogle Council

To the Councillors of Kyogle Council

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

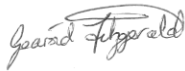
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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.



Gearoid Fitzgerald  
Delegate of the Auditor-General for New South Wales

12 December 2023  
SYDNEY



Cr Kylie Webster  
Mayor  
Kyogle Council  
PO Box 11  
KYOGLE NSW 2474

Contact: Gearoid Fitzgerald  
Phone no: 9275 7392  
Our ref: [R008-16585809-49479](#)

12 December 2023

Dear Mayor

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

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

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

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

**INCOME STATEMENT**

**Operating result**

	<b>2023</b>	<b>2022</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Rates and annual charges revenue	11.9	11.5	↑ 3.5
Grants and contributions revenue	93.5	41.1	↑ 127.5
Operating result from continuing operations	77.8	30.6	↑ 154.2

Net operating result  
before capital grants and  
contributions

(1.7)

7.2

123.6

Rates and annual charges revenue (\$11.9 million) increased by \$0.4 million (3.5 per cent) in 2022–23 largely due to the approved rate increase of 2.5 per cent.

Grants and contributions revenue (\$93.5 million) increased by \$52.4 million (127.5 per cent) in 2022–23 due to:

- increase of \$0.7 million of financial assistance grant funding.
- The Council has received \$50.3 million in natural disaster funding to reconstruct essential public infrastructure, largely as a result of the severe flood events in 2022. The Council has also recorded \$21.6 million in revenue under the Fixing Country Bridges program.

The Council's operating result from continuing operations (\$77.8 million including depreciation, amortisation and impairment expense of \$9.5 million) was \$47.2 million higher than the 2021–22 result. The main contributor to this is the increase in natural disaster funding received.

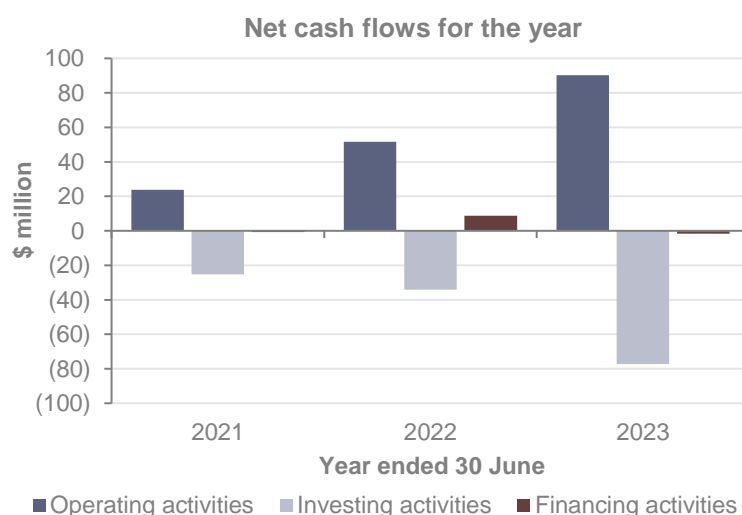
The net operating loss before capital grants and contributions of \$1.7 million was \$8.9 million lower than the 2021–22 result.

## STATEMENT OF CASH FLOWS

Net cash provided by operating activities increased by \$38.6 million driven by an increase in grant funding received.

Net cash used in investing activities increased by \$43.1 million, mainly due to the construction of IPPE funded by capital grants.

Net cash from financing activities has decreased by \$10.4 million as council has had no new borrowings within this financial year compared to \$10.0 million taken out in the prior year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>51.5</b>	<b>40.3</b>	Externally restricted balances comprise mainly of specific purpose unexpended grants, developer contributions, water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	15.6	15.2	



• Internal allocations	21.8	18.6	Externally restricted cash has remained static compared to 2021-22.  Internally allocated cash and investments have increased by \$3.2 million, largely relating to an increase in carry over works.
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## PERFORMANCE

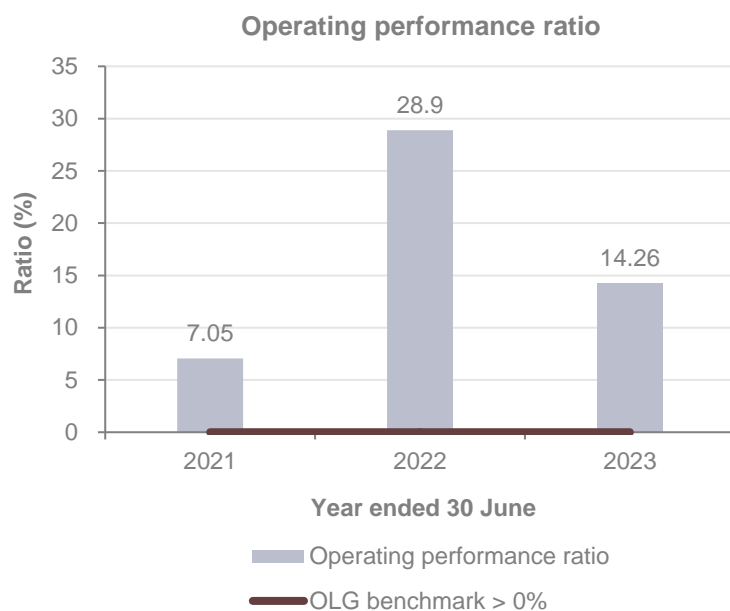
### Performance measures

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 met the benchmark for the current reporting period on a consolidated basis. Water Fund did not meet the benchmark for the current reporting period with a ratio of -5.38 per cent.

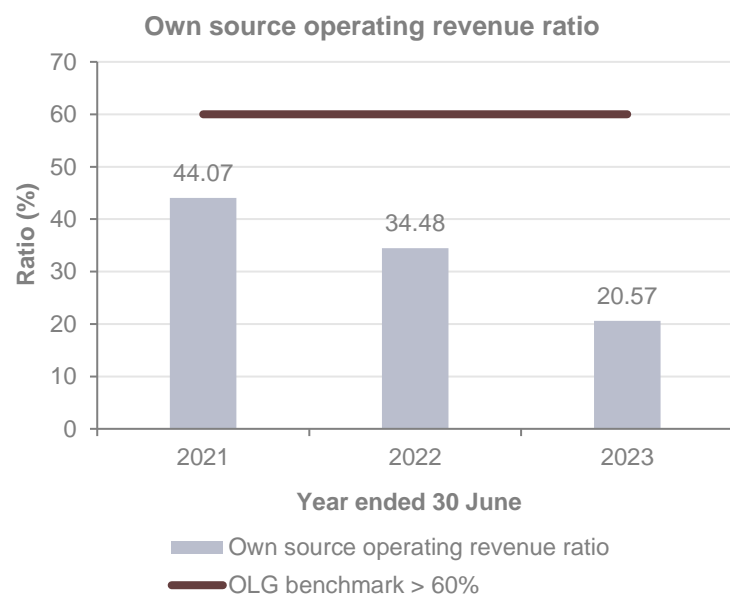
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



#### Own source operating revenue ratio

The Council did not meet the benchmark for the current reporting period. This ratio has been negatively impacted in recent years due to higher levels of capital grants and contributions.

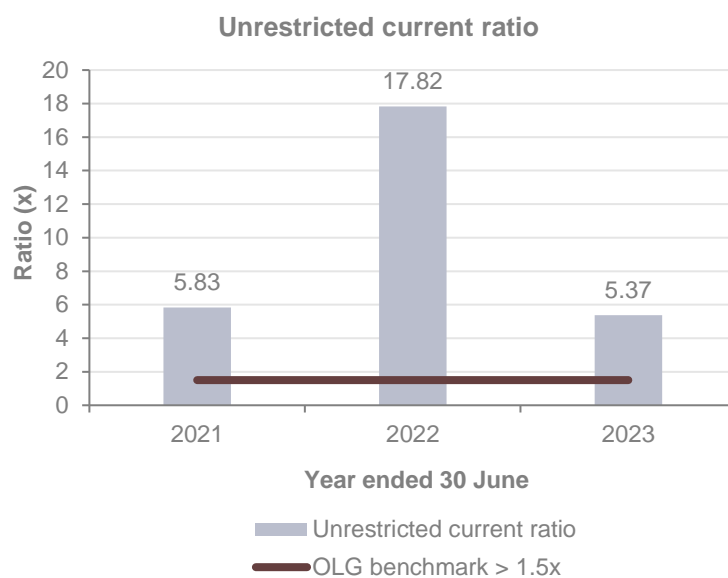
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



## Unrestricted current ratio

The Council met the benchmark for the current reporting period.

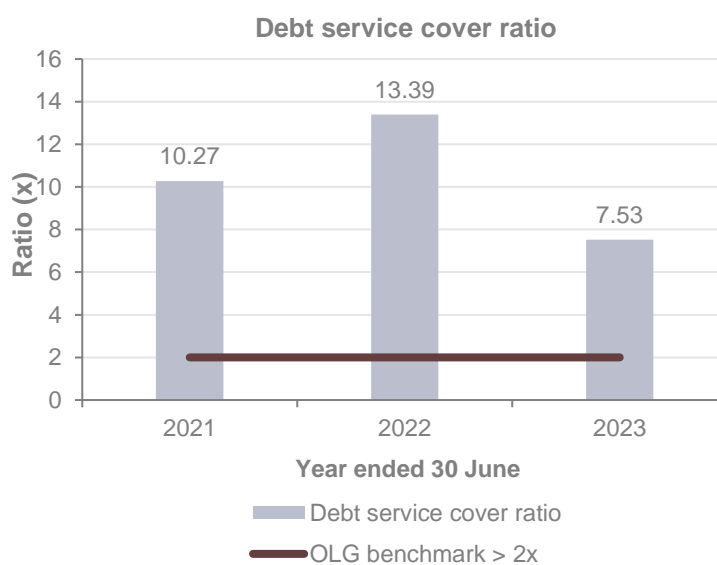
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



## Debt service cover ratio

The Council met the benchmark for the current reporting period.

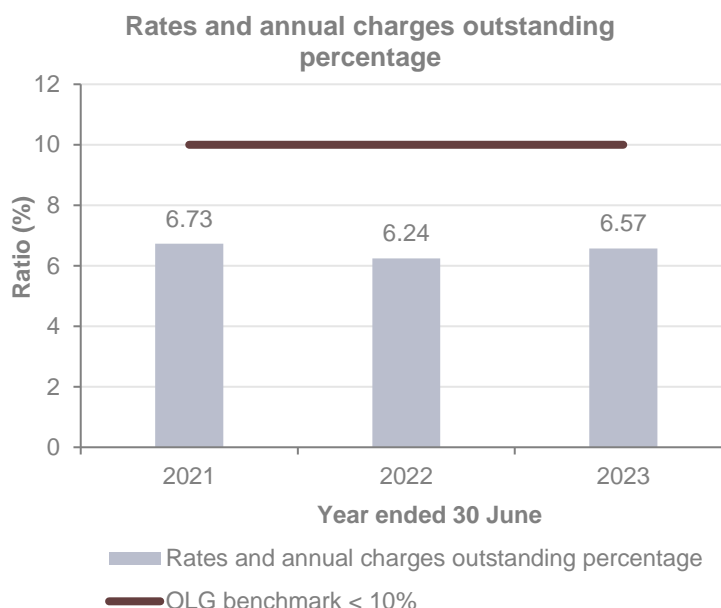
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding percentage

The Council met the benchmark for the current reporting period.

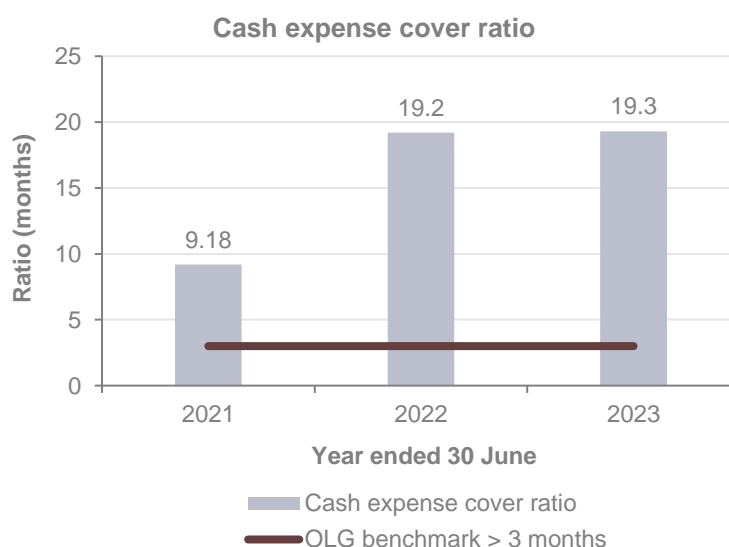
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



## Cash expense cover ratio

The Council met the benchmark for the current reporting period.

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



## Infrastructure, property, plant and equipment renewals

Council renewed \$77.8 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on roads, repairing assets damaged by natural disasters and replacement of bridges. A further \$7.6 million was spent on new assets including new roads and additions to plant fleet.

The level of renewals has increased by \$45.2 million compared to the 2021-22 year as Council progresses with the renewal of essential infrastructure damaged by natural disasters in 2022.

## OTHER MATTERS

### Legislative compliance

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

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

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.



Gearoid Fitzgerald  
Delegate of the Auditor-General for New South Wales

# Kyogle Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2023

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## Special Purpose Financial Statements

for the year ended 30 June 2023

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### Background

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

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

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

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

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

## Kyogle 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:**

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

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

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

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

**Signed in accordance with a resolution of Council made on 11 December 2023.**



Kylie Webster

**Mayor**

11 December 2023



Tom Cooper

**Councillor**

11 December 2023



Graham Kennett

**General Manager**

11 December 2023



Glenn Rose

**Responsible Accounting Officer**

11 December 2023

## Kyogle Council

## Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	1,072	1,020
User charges	853	828
Fees	3	4
Interest and investment income	2	1
Grants and contributions provided for operating purposes	22	28
<b>Total income from continuing operations</b>	<b>1,952</b>	<b>1,881</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	341	286
Borrowing costs	28	37
Materials and services	1,170	1,002
Depreciation, amortisation and impairment	352	344
Net loss from the disposal of assets	–	40
Other expenses	166	126
<b>Total expenses from continuing operations</b>	<b>2,057</b>	<b>1,835</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(105)</b>	<b>46</b>
Grants and contributions provided for capital purposes	238	(23)
<b>Surplus (deficit) from all operations before tax</b>	<b>133</b>	<b>23</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(12)
<b>Surplus (deficit) after tax</b>	<b>133</b>	<b>11</b>
<b>Plus opening accumulated surplus</b>	<b>15,470</b>	<b>15,447</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	–	12
<b>Less:</b>		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
<b>Closing accumulated surplus</b>	<b>15,603</b>	<b>15,470</b>
<b>Return on capital %</b>	<b>(0.3)%</b>	<b>0.3%</b>
<b>Subsidy from Council</b>	<b>1,101</b>	<b>806</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	133	12
Less: capital grants and contributions (excluding developer contributions)	(238)	23
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>35</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>17</b>



## Kyogle 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	1,474	1,397
User charges	272	258
Liquid trade waste charges	105	105
Interest and investment income	3	2
<b>Total income from continuing operations</b>	<b>1,854</b>	<b>1,762</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	256	183
Borrowing costs	56	57
Materials and services	698	730
Depreciation, amortisation and impairment	252	246
Net loss from the disposal of assets	31	–
Other expenses	74	71
<b>Total expenses from continuing operations</b>	<b>1,367</b>	<b>1,287</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>487</b>	<b>475</b>
Grants and contributions provided for capital purposes	975	324
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,462</b>	<b>799</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,462</b>	<b>799</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(122)	(119)
<b>Surplus (deficit) after tax</b>	<b>1,340</b>	<b>680</b>
<b>Plus opening accumulated surplus</b>	<b>10,460</b>	<b>9,661</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	122	119
<b>Closing accumulated surplus</b>	<b>11,922</b>	<b>10,460</b>
<b>Return on capital %</b>	<b>1.6%</b>	<b>1.7%</b>
<b>Subsidy from Council</b>	<b>844</b>	<b>615</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,340	680
Less: capital grants and contributions (excluding developer contributions)	(975)	(324)
<b>Surplus for dividend calculation purposes</b>	<b>365</b>	<b>356</b>
<b>Potential dividend calculated from surplus</b>	<b>183</b>	<b>178</b>

## Kyogle Council

## Income Statement of Domestic Waste

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>Income from continuing operations</b>		
Annual charges	1,148	1,106
Interest and investment income	3	3
<b>Total income from continuing operations</b>	<b>1,151</b>	<b>1,109</b>
<b>Expenses from continuing operations</b>		
Materials and services	1,169	1,058
<b>Total expenses from continuing operations</b>	<b>1,169</b>	<b>1,058</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(18)</b>	<b>51</b>
Grants and contributions provided for capital purposes	–	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(18)</b>	<b>51</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(18)</b>	<b>51</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(13)
<b>Surplus (deficit) after tax</b>	<b>(18)</b>	<b>38</b>
<b>Plus opening accumulated surplus</b>	<b>51</b>	<b>–</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	13
<b>Closing accumulated surplus</b>	<b>33</b>	<b>51</b>
Return on capital %	0.0%	0.0%
<b>Subsidy from Council</b>	<b>18</b>	<b>–</b>

## Kyogle Council

## Income Statement of Quarries

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 2
<b>Income from continuing operations</b>		
User charges	2,160	1,452
<b>Total income from continuing operations</b>	<b>2,160</b>	<b>1,452</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	311	206
Borrowing costs	10	37
Materials and services	483	773
Depreciation, amortisation and impairment	2	55
<b>Total expenses from continuing operations</b>	<b>806</b>	<b>1,071</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,354</b>	<b>381</b>
Grants and contributions provided for capital purposes	—	—
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,354</b>	<b>381</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,354</b>	<b>381</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(339)	(95)
<b>Surplus (deficit) after tax</b>	<b>1,015</b>	<b>286</b>
<b>Plus opening accumulated surplus</b>	<b>357</b>	<b>326</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	339	95
<b>Less:</b>		
– Dividend paid	(344)	(350)
<b>Closing accumulated surplus</b>	<b>1,367</b>	<b>357</b>
<b>Return on capital %</b>	<b>729.4%</b>	<b>58.9%</b>
<b>Subsidy from Council</b>	<b>—</b>	<b>—</b>

## Kyogle Council

### Income Statement of Transport

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
User charges	8,067	7,067
<b>Total income from continuing operations</b>	<b>8,067</b>	<b>7,067</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	412	615
Materials and services	7,923	6,342
<b>Total expenses from continuing operations</b>	<b>8,335</b>	<b>6,957</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(268)</b>	<b>110</b>
Grants and contributions provided for capital purposes	—	—
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(268)</b>	<b>110</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(268)</b>	<b>110</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	—	(28)
<b>Surplus (deficit) after tax</b>	<b>(268)</b>	<b>82</b>
<b>Plus opening accumulated surplus</b>	<b>(173)</b>	<b>1,099</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	—	28
<b>Less:</b>		
– Dividend paid	(337)	(1,382)
<b>Closing accumulated surplus</b>	<b>(778)</b>	<b>(173)</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>268</b>	<b>—</b>

## Kyogle Council

## Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	485	545
Receivables	406	350
<b>Total current assets</b>	<b>891</b>	<b>895</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	25,475	24,285
<b>Total non-current assets</b>	<b>25,475</b>	<b>24,285</b>
<b>Total assets</b>	<b>26,366</b>	<b>25,180</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	314	—
Payables	127	128
Income received in advance	—	426
Borrowings	245	236
Employee benefit provisions	97	85
<b>Total current liabilities</b>	<b>783</b>	<b>875</b>
<b>Non-current liabilities</b>		
Borrowings	339	585
<b>Total non-current liabilities</b>	<b>339</b>	<b>585</b>
<b>Total liabilities</b>	<b>1,122</b>	<b>1,460</b>
<b>Net assets</b>	<b>25,244</b>	<b>23,720</b>
<b>EQUITY</b>		
Accumulated surplus	15,603	15,470
Revaluation reserves	9,641	8,250
<b>Total equity</b>	<b>25,244</b>	<b>23,720</b>

## Kyogle Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets and contract cost assets	59	—
Cash and cash equivalents	948	1,009
Receivables	647	542
<b>Total current assets</b>	<b>1,654</b>	<b>1,551</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	34,496	31,350
<b>Total non-current assets</b>	<b>34,496</b>	<b>31,350</b>
<b>Total assets</b>	<b>36,150</b>	<b>32,901</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	4	4
Income received in advance	—	339
Borrowings	30	27
Employee benefit provisions	97	86
<b>Total current liabilities</b>	<b>131</b>	<b>456</b>
<b>Non-current liabilities</b>		
Borrowings	704	734
<b>Total non-current liabilities</b>	<b>704</b>	<b>734</b>
<b>Total liabilities</b>	<b>835</b>	<b>1,190</b>
<b>Net assets</b>	<b>35,315</b>	<b>31,711</b>
<b>EQUITY</b>		
Accumulated surplus	11,922	10,460
Revaluation reserves	23,393	21,251
<b>Total equity</b>	<b>35,315</b>	<b>31,711</b>

## Kyogle Council

### Statement of Financial Position of Domestic Waste

as at 30 June 2023

<b>\$ '000</b>	<b>2023 Category 2</b>	<b>2022 Category 2</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	112	106
<b>Total current assets</b>	<b>112</b>	<b>106</b>
<b>Total assets</b>	<b>112</b>	<b>106</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	79	55
<b>Total current liabilities</b>	<b>79</b>	<b>55</b>
<b>Total liabilities</b>	<b>79</b>	<b>55</b>
<b>Net assets</b>	<b>33</b>	<b>51</b>
<b>EQUITY</b>		
Accumulated surplus	33	51
<b>Total equity</b>	<b>33</b>	<b>51</b>

## Kyogle Council

## Statement of Financial Position of Quarries

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,194	847
Inventories	652	492
<b>Total current assets</b>	<b>1,846</b>	<b>1,339</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	187	710
<b>Total non-current assets</b>	<b>187</b>	<b>710</b>
<b>Total assets</b>	<b>2,033</b>	<b>2,049</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provisions	265	1,204
<b>Total non-current liabilities</b>	<b>265</b>	<b>1,204</b>
<b>Total liabilities</b>	<b>265</b>	<b>1,204</b>
<b>Net assets</b>	<b>1,768</b>	<b>845</b>
<b>EQUITY</b>		
Accumulated surplus	1,367	357
Revaluation reserves	401	488
<b>Total equity</b>	<b>1,768</b>	<b>845</b>



## Kyogle Council

## Statement of Financial Position of Transport

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	3,401	1,209
<b>Total current assets</b>	<b>3,401</b>	<b>1,209</b>
<b>Total assets</b>	<b>3,401</b>	<b>1,209</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	4,179	1,382
<b>Total current liabilities</b>	<b>4,179</b>	<b>1,382</b>
<b>Total liabilities</b>	<b>4,179</b>	<b>1,382</b>
<b>Net assets</b>	<b>(778)</b>	<b>(173)</b>
<b>EQUITY</b>		
Accumulated surplus	(778)	(173)
<b>Total equity</b>	<b>(778)</b>	<b>(173)</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)

##### a. Transport

Contract Road Construction and Maintenance

##### b. Quarries

Quarrying Operations

#### Category 2

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

##### a. Water

Water Supply

##### b. Sewer

Sewerage Services

## Note – Significant Accounting Policies (continued)

### c. Domestic Waste

Domestic Waste Management

### 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 – **25% (2021/22 : 25%)**

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,001 up to \$5,925,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,925,001 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45% (2021/22 : 4.85%)** on the value of taxable salaries and wages in excess of \$1,200,000.

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

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

### Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%. (2021/22 : 25%)

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

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

The rate applied of 25% 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.

## Note – Significant Accounting Policies (continued)

### 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:

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

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

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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.

### (iii) Dividends

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

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

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

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

In accordance with section 4 of DPE water's regulatory and assurance framework, Statement of Compliance and statement of dividend payment, dividend payment form and Unqualified Independent Financial Audit Report are required to be submitted to the DPE – Water.



## **INDEPENDENT AUDITOR'S REPORT**

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

#### **Kyogle Council**

To the Councillors of Kyogle Council

### **Opinion**

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage
- Domestic waste
- Quarries
- Transport.

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

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

### **Basis for Opinion**

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

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

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

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

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

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

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

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

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

### **Other Information**

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The 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:

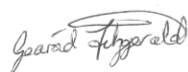
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.

A handwritten signature in cursive script, reading "Gearoid Fitzgerald".

Gearoid Fitzgerald  
Delegate of the Auditor-General for New South Wales

12 December 2023  
SYDNEY

# Kyogle Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	6

## Kyogle 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	7,754	7,940
Plus or minus adjustments <sup>2</sup>	b	51	44
<b>Notional general income</b>	$c = a + b$	<b>7,805</b>	<b>7,984</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	2.50%	0.00%
Or rate peg percentage	e	0.00%	4.10%
Plus special variation amount	$h = d \times (c + g)$	195	—
Or plus rate peg amount	$i = e \times (c + g)$	—	327
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>8,000</b>	<b>8,311</b>
Plus (or minus) last year's carry forward total	l	(7)	53
<b>Sub-total</b>	$n = (l + m)$	<b>(7)</b>	<b>53</b>
<b>Total permissible income</b>	$o = k + n$	<b>7,993</b>	<b>8,364</b>
Less notional general income yield	p	7,940	8,313
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>53</b>	<b>51</b>
<b>Carry forward to next year <sup>4</sup></b>	$t = q + r + s$	<b>53</b>	<b>51</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (4) 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

#### Kyogle Council

To the Councillors of Kyogle Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Kyogle 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:

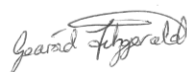
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.



Gearoid Fitzgerald  
Delegate of the Auditor-General for New South Wales

12 December 2023  
SYDNEY

## Kyogle Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	1,028	1,028	103	246	18,123	35,633	20.0%	48.0%	29.0%	3.0%	0.0%
	<b>Sub-total</b>	<b>1,028</b>	<b>1,028</b>	<b>103</b>	<b>246</b>	<b>18,123</b>	<b>35,633</b>	<b>20.0%</b>	<b>48.0%</b>	<b>29.0%</b>	<b>3.0%</b>	<b>0.0%</b>
Other structures	Other structures	242	242	127	107	6,192	10,626	46.0%	30.0%	21.0%	3.0%	0.0%
	<b>Sub-total</b>	<b>242</b>	<b>242</b>	<b>127</b>	<b>107</b>	<b>6,192</b>	<b>10,626</b>	<b>46.0%</b>	<b>30.0%</b>	<b>21.0%</b>	<b>3.0%</b>	<b>0.0%</b>
Roads	Sealed roads	17,586	17,586	1,833	2,712	164,316	230,476	57.0%	30.0%	9.0%	3.0%	1.0%
	Unsealed roads	4,922	4,922	1,930	636	49,552	70,489	49.0%	37.0%	9.0%	4.0%	1.0%
	Bridges	7,793	7,793	432	82	158,988	215,499	66.0%	18.0%	13.0%	3.0%	0.0%
	Footpaths	128	128	97	59	3,593	4,626	62.0%	19.0%	16.0%	3.0%	0.0%
	Bulk earthworks	—	—	—	—	17,626	17,626	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>30,429</b>	<b>30,429</b>	<b>4,292</b>	<b>3,489</b>	<b>394,076</b>	<b>538,716</b>	<b>61.0%</b>	<b>25.0%</b>	<b>10.4%</b>	<b>3.0%</b>	<b>0.6%</b>
Water supply network	Water supply network	21	21	290	419	25,359	37,899	20.0%	51.0%	28.0%	1.0%	0.0%
	<b>Sub-total</b>	<b>21</b>	<b>21</b>	<b>290</b>	<b>419</b>	<b>25,359</b>	<b>37,899</b>	<b>20.0%</b>	<b>51.0%</b>	<b>28.0%</b>	<b>1.0%</b>	<b>0.0%</b>
Sewerage network	Sewerage network	1,186	1,186	223	312	33,395	43,102	51.0%	12.0%	33.0%	3.0%	1.0%
	<b>Sub-total</b>	<b>1,186</b>	<b>1,186</b>	<b>223</b>	<b>312</b>	<b>33,395</b>	<b>43,102</b>	<b>51.0%</b>	<b>12.0%</b>	<b>33.0%</b>	<b>3.0%</b>	<b>1.0%</b>
Stormwater drainage	Stormwater drainage	1,350	1,350	49	106	30,100	34,318	92.0%	1.0%	3.0%	1.0%	3.0%
	<b>Sub-total</b>	<b>1,350</b>	<b>1,350</b>	<b>49</b>	<b>106</b>	<b>30,100</b>	<b>34,318</b>	<b>92.0%</b>	<b>1.0%</b>	<b>3.0%</b>	<b>1.0%</b>	<b>3.0%</b>
Open space / recreational assets	Swimming pools	—	—	64	60	2,508	6,779	0.0%	0.0%	100.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>—</b>	<b>—</b>	<b>64</b>	<b>60</b>	<b>2,508</b>	<b>6,779</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>34,256</b>	<b>34,256</b>	<b>5,148</b>	<b>4,739</b>	<b>509,753</b>	<b>707,073</b>	<b>56.8%</b>	<b>25.5%</b>	<b>14.3%</b>	<b>2.8%</b>	<b>0.6%</b>

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

## Infrastructure asset condition assessment 'key'

1 Excellent/very good	No work required (normal maintenance)
2 Good	Only minor maintenance work required
3 Satisfactory	Maintenance work required

4 Poor	Renewal required
5 Very poor	Urgent renewal/upgrading required

## Kyogle Council

## Report on infrastructure assets as at 30 June 2023

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2023	Indicator 2023	2022	Indicators 2021	2020	Benchmark
<b>Buildings and infrastructure renewals ratio</b>						
Asset renewals <sup>1</sup>	<b>76,108</b>					
Depreciation, amortisation and impairment	<b>8,335</b>	<b>913.11%</b>	119.26%	123.11%	108.86%	> 100.00%
<b>Infrastructure backlog ratio</b>						
Estimated cost to bring assets to a satisfactory standard	<b>34,256</b>					
Net carrying amount of infrastructure assets	<b>509,206</b>	<b>6.73%</b>	11.87%	8.89%	5.83%	< 2.00%
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>4,739</b>					
Required asset maintenance	<b>5,148</b>	<b>92.06%</b>	101.79%	112.51%	102.53%	> 100.00%
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to an agreed service level set by Council	<b>34,256</b>	<b>4.84%</b>	7.92%	5.96%	4.19%	
Gross replacement cost	<b>707,073</b>					

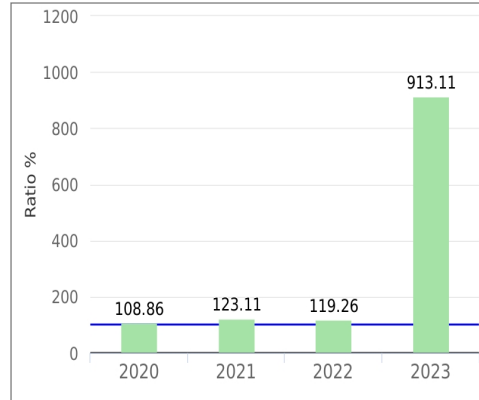
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

# Kyogle Council

## Report on infrastructure assets as at 30 June 2023

### Buildings and infrastructure renewals ratio



#### Buildings and infrastructure renewals ratio

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

#### Commentary on result

22/23 ratio 913.11%

This ratio continues to track above the required benchmark. Council has developed strategies & actions within its delivery & operational plan as well as the long term financial plan to improve the long term management of Council's infrastructure assets. Flood damage renewals have significantly impacted this ratio.

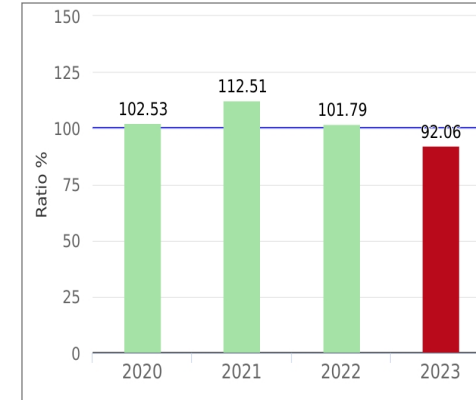
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



#### Asset maintenance ratio

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

#### Commentary on result

22/23 ratio 92.06%

Council acknowledges its Asset maintenance ratio is below Tcorp's benchmark. Council's focus on flood damage renewals and bridge replacements has temporarily slowed council's maintenance schedules.

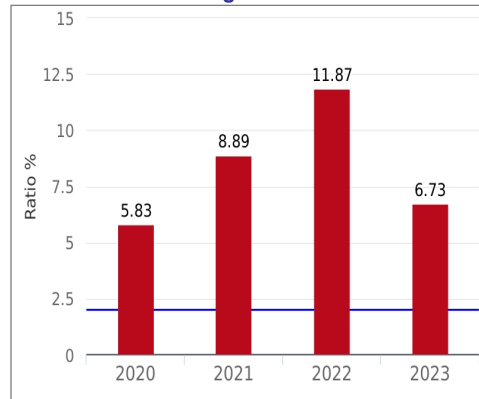
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



#### Infrastructure backlog ratio

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

#### Commentary on result

22/23 ratio 6.73%

Council acknowledges its Infrastructure backlog ratio is outside Tcorp's benchmark. Council is continually focusing on asset renewal expenditure but like all other NSW council's faces a large impost associated with asset backlogs & maintenance. The 2022 floods have impacted this ratio.

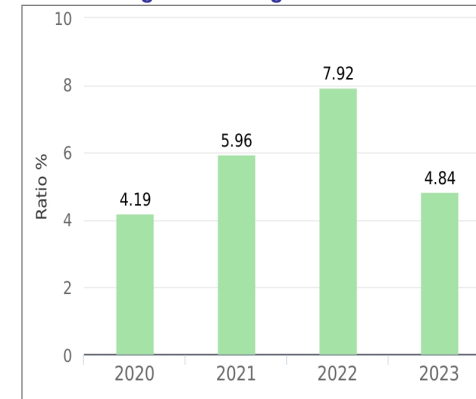
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



#### Cost to bring assets to agreed service level

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

#### Commentary on result

22/23 ratio 4.84%

Council is continually focusing on asset expenditure but like all other NSW council's faces a large impost associated with asset backlogs & maintenance. Council will continue to focus on this area of expenditure.

## Kyogle Council

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

#### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals <sup>1</sup>	976.00%	120.78%	32.95%	70.64%	210.36%	26.42%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	7.06%	12.69%	0.08%	0.08%	3.55%	3.95%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	86.47%	97.18%	144.48%	150.88%	139.91%	134.25%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	5.28%	8.72%	0.06%	0.06%	2.75%	3.07%	
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.