

Liverpool Plains Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023



Liverpool Plains Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023



Liverpool Plains Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Liverpool Plains Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

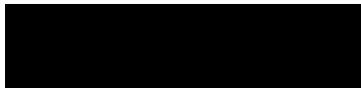
- the *Local Government Act 1993* (NSW) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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 27 March 2024.



Doug Hawkins OAM
Mayor
27 March 2024



Terry Cohen
Councillor
27 March 2024



Gary Murphy
General Manager
27 March 2024



Joanna Little
Responsible Accounting Officer
27 March 2024

Liverpool Plains Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Income from continuing operations				
14,196	Rates and annual charges	B2-1	14,034	13,189
4,652	User charges and fees	B2-2	5,300	4,385
7,365	Grants and contributions provided for operating purposes	B2-4	16,925	10,600
32,536	Grants and contributions provided for capital purposes	B2-4	19,087	14,474
575	Other revenues	B2-3	420	410
173	Interest and investment income	B2-5	773	204
–	Other income	B2-6	602	12
59,497	Total income from continuing operations		57,141	43,274
Expenses from continuing operations				
10,018	Employee benefits and on-costs	B3-1	9,731	9,513
6,363	Materials and services	B3-2	14,795	11,207
456	Borrowing costs	B3-3	444	250
11,328	Depreciation, amortisation and impairment of non-financial assets	B3-4	13,656	12,946
2,363	Other expenses	B3-5	378	581
–	Net loss from the disposal of assets	B4-1	932	215
30,528	Total expenses from continuing operations		39,936	34,712
28,969	Operating result from continuing operations		17,205	8,562
28,969	Net operating result for the year attributable to Council		17,205	8,562
(3,566)	Net operating result for the year before grants and contributions provided for capital purposes		(1,882)	(5,912)

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

Liverpool Plains Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		17,205	8,562
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	21,930	36,137
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	(430)	–
Total items which will not be reclassified subsequently to the operating result		21,500	36,137
Total other comprehensive income for the year		21,500	36,137
Total comprehensive income for the year attributable to Council		38,705	44,699

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

Liverpool Plains Shire Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	10,802	2,984
Investments	C1-2	33,000	23,200
Receivables	C1-4	3,328	5,155
Inventories	C1-5	1,076	1,101
Contract assets and contract cost assets	C1-6	8,484	4,360
Other	C1-9	207	–
Total current assets		56,897	36,800
Non-current assets			
Receivables	C1-4	22	20
Infrastructure, property, plant and equipment (IPPE)	C1-7	566,950	537,616
Investment property	C1-8	1,190	600
Right of use assets	C2-1	202	58
Total non-current assets		568,364	538,294
Total assets		625,261	575,094
LIABILITIES			
Current liabilities			
Payables	C3-1	4,623	2,599
Contract liabilities	C3-2	8,705	2,438
Lease liabilities	C2-1	81	32
Borrowings	C3-3	370	258
Employee benefit provisions	C3-4	1,828	1,735
Provisions	C3-5	1,631	951
Total current liabilities		17,238	8,013
Non-current liabilities			
Lease liabilities	C2-1	121	26
Borrowings	C3-3	10,928	3,347
Employee benefit provisions	C3-4	108	113
Provisions	C3-5	7,223	12,657
Total non-current liabilities		18,380	16,143
Total liabilities		35,618	24,156
Net assets		589,643	550,938
EQUITY			
Accumulated surplus	C4-1	240,877	223,672
IPPE revaluation reserve	C4-1	348,766	327,266
Council equity interest		589,643	550,938
Total equity		589,643	550,938

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

Liverpool Plains Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		223,672	327,266	550,938	215,110	291,129	506,239
Opening balance		223,672	327,266	550,938	215,110	291,129	506,239
Net operating result for the year		17,205	–	17,205	8,562	–	8,562
Net operating result for the period		17,205	–	17,205	8,562	–	8,562
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	21,930	21,930	–	36,137	36,137
– Impairment (loss) reversal relating to IPP&E	C1-7	–	(430)	(430)	–	–	–
Other comprehensive income		–	21,500	21,500	–	36,137	36,137
Total comprehensive income		17,205	21,500	38,705	8,562	36,137	44,699
Closing balance at 30 June		240,877	348,766	589,643	223,672	327,266	550,938

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

Liverpool Plains Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 ¹	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
14,122	Rates and annual charges		13,993	13,423
4,364	User charges and fees		8,287	2,613
186	Interest received		753	226
39,901	Grants and contributions		37,518	20,058
–	Bonds, deposits and retentions received		7	7
621	Other		3,402	3,283
<i>Payments:</i>				
(10,012)	Payments to employees		(9,806)	(9,875)
(5,926)	Payments for materials and services		(16,502)	(13,897)
(456)	Borrowing costs		(209)	(200)
–	Bonds, deposits and retentions refunded		(90)	–
(2,362)	Other		56	(525)
40,438	Net cash flows from operating activities	G1-1	37,409	15,113
Cash flows from investing activities				
<i>Receipts:</i>				
–	Proceeds from sale of IPPE		211	158
–	Deferred debtors receipts		3	6
<i>Payments:</i>				
–	Purchase of term deposits		(9,800)	2,000
(54,173)	Payments for IPPE		(27,675)	(22,416)
(54,173)	Net cash flows from investing activities		(37,261)	(20,252)
Cash flows from financing activities				
<i>Receipts:</i>				
8,000	Proceeds from borrowings		8,000	–
<i>Payments:</i>				
(547)	Repayment of borrowings		(307)	(247)
–	Principal component of lease payments		(23)	(9)
7,453	Net cash flows from financing activities		7,670	(256)
(6,282)	Net change in cash and cash equivalents		7,818	(5,395)
–	Cash and cash equivalents at beginning of year		2,984	8,379
(6,282)	Cash and cash equivalents at end of year	C1-1	10,802	2,984
23,176	plus: Investments on hand at end of year	C1-2	33,000	23,200
16,894	Total cash, cash equivalents and investments		43,802	26,184

(1) Please refer Note B5-1 for more details regarding the original unaudited budget

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

Liverpool Plains Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 March 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

COVID 19 Impacts

COVID 19 has caused minor disruption to council's business practices. Whilst this has caused some inconvenience it has not resulted in significant additional cost.

Overall the financial impact has not been significant and is not anticipated to increase in future years.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

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

A1-1 Basis of preparation (continued)

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money received by Council in trust. Trust monies subject to Council's control have been included in these reports.

Trust monies are provisioned for expenditure to unclaimed monies. Funds relate to the excess above recovered rates and charges for the Sale of Land for Unpaid Rates held in May 2023. Funds are to be returned to the original owner of the property or to unclaimed monies where no details for the owner is current.

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 makes use of volunteers for the community events and library services. Such volunteer services have not been recognised in the income statement for the year ended on 30 June 2023, the services would not be purchased if not donated and are not material.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

None of these standards had an impact on the reported position or performance

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Community	3,614	10,069	7,601	5,812	(3,987)	4,257	787	8,037	60,185	43,823
Governance	15,175	12,736	6,765	5,815	8,410	6,921	4,637	3,908	32,616	41,304
Environment	38,205	20,318	25,226	22,744	12,979	(2,426)	30,588	13,127	530,456	488,794
Economic	147	151	344	341	(197)	(190)	–	2	2,004	1,173
Total functions and activities	57,141	43,274	39,936	34,712	17,205	8,562	36,012	25,074	625,261	575,094

B1-2 Components of functions or activities

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

Community

A great rural lifestyle with access to quality services.

- We value beautiful landscapes, dynamic towns and villages and safe communities.
- Our community is embracing and inclusive of all cultures. Recreation facilities support our communities sporting, health and physical activity needs. We build on our strong community spirit, resilience and sense of belonging.
- Our health services meet our needs. Education services meets our needs and provide school, tertiary study and career pathways that support the community.
- Our transport and telecommunications expand to improve support for our business, lifestyle and remote working.

Governance

Strong community, Council and business leadership.

- Our Council, community and business leaders work together effectively.
- Our leaders represent the diversity of our community.
- We encourage our youth to become involved in the community as the leaders of tomorrow.
- We partner with State and Federal Government, the private sector and community organisations in the provision of facilities and services.

Environment

A sustainable environment.

- Our infrastructure is well planned and maintained and will meet our needs now and, in the future.
- We have access to affordable, clean water supplies.
- We actively manage impacts on our natural environment.
- Our local farming is sustainable.
- We protect our environment and reduce our environmental footprint.

Economic

A thriving economy.

- Our agricultural economy is thriving, and we must pursue secondary industry to support all potential growth areas across the broader regional economy.
- We grow our population, diversity and employment opportunities.
- Our town centres are attractive and vibrant places. We foster new residential and business development built on our local strengths.
- Our planning reflects the diversity of our towns and villages and enables future development. We develop our business community to support small and medium-sized business and remove working.
- We develop our visitor economy.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	2,527	2,419
Farmland	5,196	4,812
Mining	513	475
Business	421	387
Less: pensioner rebates (mandatory)	(63)	(138)
Rates levied to ratepayers	8,594	7,955
Pensioner rate subsidies received	95	106
Total ordinary rates	8,689	8,061
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,487	1,505
Water supply services	2,427	2,334
Sewerage services	1,339	1,263
Waste management services (non-domestic)	127	116
Less: pensioner rebates (mandatory)	(110)	(175)
Annual charges levied	5,270	5,043
Pensioner annual charges subsidies received:		
– Water	34	35
– Sewerage	26	33
– Domestic waste management	15	17
Total annual charges	5,345	5,128
Total rates and annual charges	14,034	13,189

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

Council's Temporary Special Rates Variation resulted in an additional rates revenue of \$1,070 thousand. These additional funds were spent on renewal of Council's road asset network.

Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	2	1,214	966
Sewerage services	2	127	112
Waste management services (non-domestic)	2	303	242
Total specific user charges		1,644	1,320
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building regulation	2	179	125
Building services – other	2	9	11
Inspection services	2	32	23
Private works – section 67	2	55	74
Regulatory/ statutory fees	2	2	2
Section 10.7 certificates (EP&A Act)	2	43	31
Section 603 certificates	2	22	27
Total fees and charges – statutory/regulatory		342	293
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	14	10
Aged care	2	–	29
Caravan park	2	100	57
Cemeteries	2	170	114
Child care	2	654	628
Leaseback fees – Council vehicles		17	19
Library	2	6	4
Transport for NSW works (state roads not controlled by Council)	2	1,817	1,443
Theatre	2	6	7
Swimming centres	2	91	62
Room/Facility Hire		225	179
Water connection fees	2	17	17
Other	2	2	–
Sporting and recreation	2	195	203
Total fees and charges – other		3,314	2,772
Total other user charges and fees		3,656	3,065
Total user charges and fees		5,300	4,385
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		5,300	4,385
Total user charges and fees		5,300	4,385

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 for deposits in advance.

Where an upfront fee is charged such as annual membership to the Plains Fitness Centre the fee is recognised on receipt. There is no material obligation for Council in relation to refunds or returns for upfront fees.

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Fines	2	–	1
Legal fees recovery – rates and charges (extra charges)	2	130	82
Commissions and agency fees	2	138	162
Insurance claims recoveries	2	–	19
Sales – general	2	27	22
Insurance discounts	2	30	32
Other	2	95	92
Total other revenue		420	410
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		420	410
Total other revenue		420	410

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	824	1,387	–	–
Financial assistance – local roads component	2	441	759	–	–
Payment in advance - future year allocation ¹					
Financial assistance – general component	2	3,159	2,130	–	–
Financial assistance – local roads component	2	1,725	1,170	–	–
Amount recognised as income during current year		6,149	5,446	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	1	168	–	13,522	7,355
Airport	1	–	–	43	92
Bushfire and emergency services	2	233	228	–	13
Community care	2	–	234	–	–
Waste Management Strategy	1	–	–	1,061	665
Library	2	87	85	–	–
Library – special projects	1	–	–	–	564
Noxious weeds	2	72	67	–	–
Recreation and culture	2	28	33	263	397
Storm/flood damage	2	3,890	1,711	–	–
Planning portal	2	3	43	–	–
Transport for NSW contributions (regional roads, block grant)	2	1,801	1,768	–	–
Drought Funding	1	–	–	276	1,383
Transport (other roads and bridges funding)	1	4,464	40	1,284	2,218
Local Road and Community Infrastructure	1	–	–	921	1,247
Transport (roads to recovery)	2	–	942	919	–
Other specific grants	1	30	3	15	10
Total special purpose grants and non-developer contributions – cash		10,776	5,154	18,304	13,944
Non-cash contributions					
RFS Red Fleet		–	–	265	–
Dedications		–	–	83	–
Assets recognised for the first time (1)		–	–	301	450
Total other contributions – non-cash		–	–	649	450
Total special purpose grants and non-developer contributions (tied)		10,776	5,154	18,953	14,394
Total grants and non-developer contributions		16,925	10,600	18,953	14,394
Comprising:					
– Commonwealth funding		6,164	5,698	10,191	4,213
– State funding		10,760	4,900	8,113	9,647
– Other funding		1	2	649	534
		16,925	10,600	18,953	14,394

(1) \$4.883m of the 2023-2024 Financial Assistance Grant from Commonwealth Government was received by Council in June 2023 and hence is reported as 2022-2023 income although it relates to 2023-2024 financial year.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	2	–	–	37	42
S 7.12 – fixed development consent levies	2	–	–	92	25
S 64 – water supply contributions	2	–	–	5	13
Total developer contributions – cash		–	–	134	80
Total developer contributions		–	–	134	80
Total contributions		–	–	134	80
Total grants and contributions		16,925	10,600	19,087	14,474
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		4,450	43	9,258	6,179
Grants and contributions recognised at a point in time (2)		12,475	10,557	9,829	8,295
Total grants and contributions		16,925	10,600	19,087	14,474

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	3,429	3,114	2,593	3,611
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,966	3,524	–	–
Add: Funds received and not recognised as revenue in the current year	343	36	7,617	1,984
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(3,086)	(3,188)	(228)	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(57)	(1,787)	(3,002)
Unspent funds at 30 June	3,652	3,429	8,195	2,593

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include evidence of the event taking place or satisfactory achievement of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	70	71
– Cash and investments	703	133
Total interest and investment income (losses)	773	204
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	70	71
General Council cash and investments	252	46
Restricted investments/funds – external:		
Development contributions		
– Section 7.11 & 7.12	31	4
– Section 64	15	3
Water fund operations	180	35
Sewerage fund operations	225	45
Total interest and investment income	773	204

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2023	2022
Fair value increment on investment properties			
Fair value increment on investment properties		590	–
Total fair value increment on investment properties	C1-8	590	–
Rental income			
Investment properties			
Land rental		12	12
Total Investment properties	C2-2	12	12
Total rental income		12	12
Total other income		602	12

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	7,861	7,968
Travel expenses	3	4
Employee leave entitlements (ELE)	999	958
Superannuation	824	826
Superannuation – defined contribution plans	41	57
Workers' compensation insurance	223	394
Fringe benefit tax (FBT)	6	10
Training costs	147	86
Protective clothing	41	19
Recruitment/Relocation	93	88
Other	25	16
Total employee costs	10,263	10,426
Less: capitalised costs	(532)	(913)
Total employee costs expensed	9,731	9,513
Number of 'full-time equivalent' employees (FTE) at year end	107	101

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		3,320	1,424
Contractor costs		9,154	7,643
Audit Fees	F2-1	90	103
Councillor and Mayoral fees and associated expenses	F1-2	128	112
Advertising		23	26
Bank charges		55	48
Election expenses		–	70
Electricity and heating		423	388
Insurance		793	703
Postage		28	26
Printing and stationery		93	18
Street lighting		82	76
Subscriptions and publications		141	177
Telephone and communications		71	96
Travel expenses		23	20
Library (Central Northern Regional Library)		143	141
Other expenses		38	39
Legal expenses:			
- Legal expenses: other		190	97
Total materials and services		14,795	11,207

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on leases		6	–
Interest on loans		547	200
Total interest bearing liability costs		553	200
Less: capitalised costs		(344)	–
Total interest bearing liability costs expensed		209	200
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	235	50
Total other borrowing costs		235	50
Total borrowing costs expensed		444	250

Accounting policy

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use, for e.g. Quipolly Water Security Project. Other borrowing costs are expensed as incurred.

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		1,714	1,984
Office equipment		60	57
Furniture and fittings		48	43
Infrastructure:	C1-7		
– Buildings		770	664
– Other structures		850	358
– Roads		6,215	5,583
– Bridges		1,005	936
– Footpaths		72	66
– Stormwater drainage		531	490
– Water supply network		1,177	1,185
– Sewerage network		575	574
Right of use assets	C2-1	23	9
Other assets:			
– Other		96	193
Reinstatement, rehabilitation and restoration assets:			
– Landfill assets	C3-5,C1-7	455	700
– Quarry assets	C3-5,C1-7	65	104
Total depreciation and amortisation costs		13,656	12,946
Total depreciation, amortisation and impairment for non-financial assets		13,656	12,946

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Other		(47)	105
Total impairment of receivables	C1-4	(47)	105
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies) ¹		409	454
Donations, contributions and assistance to other organisations (Section 356)		16	22
Total other expenses		378	581

Accounting policy

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

(1) Emergency service levy amount has been reduced by the State Government subsidy of \$167 thousand.

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of land and building	C1-7		
Less: carrying amount of land and building assets sold/written off		(491)	(105)
Gain (or loss) on disposal		(491)	(105)
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		–	6
Less: carrying amount of infrastructure assets sold/written off		(491)	(151)
Gain (or loss) on disposal		(491)	(145)
Gain (or loss) on disposal of Plant and Equipment			
Proceeds from disposal – Plant and Equipment		211	152
Less: carrying amount of Plant and Equipment assets sold/written off		(161)	(117)
Gain (or loss) on disposal		50	35
Net gain (or loss) from disposal of assets		(932)	(215)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
User charges and fees	4,652	5,300	648	14% F
Drier weather resulted in higher usage of Water during the year, returning an additional \$230 thousand. Commercial rentals were budgeted in Other revenues, but actual is recorded as user charges and fees this year, \$146 thousand. Council was awarded two tenders for roadworks on the Kamalroi highway resulting in additional fees.				
Other revenues	575	420	(155)	(27)% U
Commercial rentals were budgeted in Other revenues, but actual is recorded as user charges and fees this year, \$146 thousand.				
Operating grants and contributions	7,365	16,925	9,560	130% F
Natural Disaster funding received for the flood events from August to November 2023, totalling \$3,890 thousand. Pothole and resilience funding received totalled \$3,863 thousand. The Financial Assistance Grant in advance was 100% for 2023/2024. This resulted in an additional \$1,841 thousand.				
Capital grants and contributions	32,536	19,087	(13,449)	(41)% U
Quipolly Water Security Project delayed, thus funding will be received next year \$4,684 thousand. Werris Creek Industrial Precinct Southern Access delayed, thus funding will be received next year \$9,917 thousand.				
Interest and investment revenue	173	773	600	347% F
Budgeted interest rate was 1%. The RBA increased interest rates rapidly during the year, with the average actual interest rate at 3.7%.				
Other income	-	602	602	∞ F
Fair Value increase to Investment property \$590 thousand.				
Employee benefits and on-costs	10,018	9,731	287	3% F
Staff vacancy and backfilling with contractors.				
Materials and services	6,363	14,795	(8,432)	(133)% U
Natural Disaster funding spent for the flood events from August to November 2023, totalling \$3,890 thousand. Pothole and resilience grant expenditure totalled \$897 thousand. Actual includes expenses for insurance, electricity and Councillor costs, which were budgeted in Other expenses, totalling \$1,901 thousand. \$1,049 thousand additional expenditure for the tenders awarded to Council for the Kamalroi highway roadworks.				
Depreciation, amortisation and impairment of non-financial assets	11,328	13,656	(2,328)	(21)% U
Council indexed assets last financial year, increasing Council assets by \$25.5 Million. Thus depreciation increase from indexation was \$1,943 thousand this year.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Other expenses	2,363	378	1,985	84% F
The budget included expenses for insurance, electricity and Councillor costs, these have been reclassified as Materials and services for actual expenditure totalling \$1,901 thousand.				
Net losses from disposal of assets	-	932	(932)	∞ U
Loss from disposal of assets was not budgeted this year.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	10,802	2,984
Total cash and cash equivalents	10,802	2,984

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	10,802	2,984
Balance as per the Statement of Cash Flows	10,802	2,984

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 any insignificant risk of changes in value.

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Term deposits	33,000	-	23,200	-
Total	33,000	-	23,200	-
Total financial investments	33,000	-	23,200	-
Total cash assets, cash equivalents and investments	43,802	-	26,184	-

Accounting policy

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

On initial recognition, all financial instruments are measured at fair value, Council at June 30, only held funds in term deposits.

Financial assets

All recognised financial assets are measured in their entirety at fair value, given Council's investments are term deposits held with ADI's fair value is deemed to be equal to the amount of the original investment.

Classification

Given the nature of Council's investments, all financial assets are classified as Financial assets measured at Amortised Cost and are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	43,802	26,184
Less: Externally restricted cash, cash equivalents and investments	<u>(34,774)</u>	<u>(22,282)</u>
Cash, cash equivalents and investments not subject to external restrictions	9,028	3,902
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	11,113	5,768
External restrictions – included in liabilities	11,113	5,768
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	1,408	1,248
Developer contributions – water fund	619	601
Developer contributions – sewer fund	42	42
Specific purpose unexpended grants (recognised as revenue) – water fund	724	254
Specific purpose unexpended grants (recognised as revenue) – sewer fund	10	–
Water fund	9,589	4,307
Sewer fund	9,502	9,062
Remediation - Waste	1,700	850
Deposits, Retentions & Bonds	67	150
External restrictions – other	23,661	16,514
Total external restrictions	34,774	22,282

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	9,028	3,902
Less: Internally restricted cash, cash equivalents and investments	<u>(8,961)</u>	<u>(3,756)</u>
Unrestricted and unallocated cash, cash equivalents and investments	67	146
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Assets management replacement reserve	1,154	1,154
Employees leave entitlement	774	739
Carryover capital works	375	–
Remediation - Quarry	100	100
Financial Assistance Grant Operational - Received in Advance	3,158	–
Financial Assistance Grant Road - Received in Advance	1,725	–
Information Technology	512	600
Plant and vehicle replacement reserve	1,163	1,163
Total internal allocations	8,961	3,756

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

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

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	1,030	22	1,011	20
Interest and extra charges	241	–	285	–
User charges and fees	941	–	3,702	–
Accrued revenues				
– Interest on investments	123	–	59	–
Deferred debtors	11	–	14	–
Net GST receivable	307	–	360	–
Other levels of government	1,043	–	3	–
Other debtors	–	–	136	–
Total	3,696	22	5,570	20
Less: provision for impairment				
Rates and annual charges	(148)	–	(163)	–
User charges and fees	(220)	–	(252)	–
Total provision for impairment – receivables	(368)	–	(415)	–
Total net receivables	3,328	22	5,155	20
Externally restricted receivables				
Water supply				
– Specific purpose grants	460	–	2,000	–
– Rates and availability charges	214	–	238	–
– User Fees & Charges	525	–	261	–
Sewerage services				
– Rates and availability charges	123	–	125	–
Total external restrictions	1,322	–	2,624	–
Unrestricted receivables	2,006	22	2,531	20
Total net receivables	3,328	22	5,155	20

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	415	374
+ new provisions recognised during the year	61	146
– amounts already provided for and written off this year	(108)	(105)
Balance at the end of the year	368	415

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.

C1-4 Receivables (continued)

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

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

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 90 days past due has seen a significant increase in credit risk.

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

- the other party is unlikely to pay its credit obligations to 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 at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

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.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	1,076	–	1,101	–
Total inventories at cost	1,076	–	1,101	–
Total inventories	1,076	–	1,101	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Contract assets	8,484	–	4,360	–
Total contract assets and contract cost assets	8,484	–	4,360	–

Contract assets

David Taylor Freedom Camping Ground and amenities	65	–	45	–
LRCI - Coonabarabran Road Overlay	–	–	87	–
LRCI - Lowes Creek Road	102	–	–	–
LRCI - Willmotts Road	68	–	–	–
LRCI - Cattle Creek Road	238	–	–	–
LRCI - Blackville Road Rehabilitation	–	–	243	–
LRCI - Bundella Road Rehabilitation	–	–	150	–
FLR Moreduval Road	26	–	–	–
FLR - Bulun Bulun Road	–	–	410	–
TfNSW Regional Roads REPAIR	314	–	–	–
Roads to Recovery	688	–	–	–
SCCF3 Currabubula Hall Kitchen & Stage	2	–	25	–
SCCF4 Plains Fitness - Modernisation	54	–	–	–
FCB Gurton Street Bridge	106	–	–	–
Quipolly Water Project	2,990	–	1,386	–
Community Infrastructure Stimulus	–	–	7	–
Resources For Regions - Waste Strategy	854	–	290	–
CPTGIS - Bus Shelter	12	–	6	–
NDRA Quirindi Pedestrian Bridge	59	–	–	–
Flood Emergency Funding	2,906	–	1,711	–
Total contract assets	8,484	–	4,360	–

Significant changes in contract assets

Council has initiated or completed some grant funded capital projects and is awaiting the payment from the funding bodies.

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	19,009	–	19,009	2,392	18,420	(151)	–	–	(3,566)	–	–	–	36,104	–	36,104
Plant and equipment	18,041	(11,700)	6,341	465	92	(161)	(1,714)	–	–	–	–	–	17,954	(12,931)	5,023
Office equipment	278	(97)	181	45	–	–	(60)	–	–	–	–	–	323	(157)	166
Furniture and fittings	288	(131)	157	–	67	–	(48)	–	–	–	–	–	355	(179)	176
Land:															
– Operational land	8,407	–	8,407	–	–	–	–	–	–	–	–	660	9,067	–	9,067
– Community land	5,030	–	5,030	–	–	–	–	–	–	–	–	218	5,248	–	5,248
Infrastructure:															
– Buildings	62,665	(30,854)	31,811	96	–	(340)	(770)	–	1,778	–	–	2,412	67,753	(32,766)	34,987
– Other structures	22,335	(11,181)	11,154	37	313	(43)	(850)	–	1,284	200	–	822	26,373	(13,456)	12,917
– Roads	253,196	(48,784)	204,412	5,194	–	(334)	(6,215)	(174)	385	–	–	11,426	272,796	(58,102)	214,694
– Bridges	87,632	(27,234)	60,398	–	–	–	(1,005)	(256)	–	–	–	3,495	92,789	(30,157)	62,632
– Footpaths	6,898	(2,012)	4,886	–	24	–	(72)	–	–	–	–	285	7,339	(2,216)	5,123
– Bulk earthworks (non-depreciable)	67,315	–	67,315	–	–	–	–	–	–	–	–	3,978	71,293	–	71,293
– Stormwater drainage	40,003	(14,953)	25,050	26	–	–	(531)	–	119	–	–	1,446	42,558	(16,448)	26,110
– Water supply network	81,798	(29,378)	52,420	126	230	(99)	(1,177)	–	–	(41)	–	5,500	108,474	(51,515)	56,959
– Sewerage network	35,310	(8,183)	27,127	–	70	(14)	(575)	–	–	–	(8,306)	–	36,570	(18,268)	18,302
Other assets:															
– Other	5,110	(3,705)	1,405	–	–	–	(96)	–	–	(159)	–	(6)	4,233	(3,089)	1,144
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Landfill assets	10,845	(1,175)	9,670	–	–	–	(455)	–	–	(3,273)	–	–	7,075	(1,133)	5,942
– Quarry assets	3,302	(459)	2,843	–	–	–	(65)	–	–	(1,715)	–	–	1,587	(524)	1,063
Total infrastructure, property, plant and equipment	727,462	(189,846)	537,616	8,381	19,216	(1,142)	(13,633)	(430)	–	(4,988)	(8,306)	30,236	807,891	(240,941)	566,950

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	6,491	–	6,491	2,886	12,964	(14)	–	(3,318)	–	–	19,009	–	19,009
Plant and equipment	17,619	(9,967)	7,652	339	450	(117)	(1,984)	–	1	–	18,041	(11,700)	6,341
Office equipment	219	(44)	175	60	–	–	(57)	–	3	–	278	(97)	181
Furniture and fittings	193	(87)	106	55	60	–	(43)	–	(21)	–	288	(131)	157
Land:													
– Operational land	8,363	–	8,363	–	40	–	–	4	–	–	8,407	–	8,407
– Community land	5,030	–	5,030	–	–	–	–	–	–	–	5,030	–	5,030
Infrastructure:													
– Buildings	53,972	(26,952)	27,020	92	122	(105)	(664)	1,732	(3)	3,617	62,665	(30,854)	31,811
– Other structures	16,597	(5,414)	11,183	–	–	(246)	(358)	172	378	25	22,335	(11,181)	11,154
– Roads	228,972	(40,046)	188,926	5,301	–	–	(5,583)	1,256	(21)	14,533	253,196	(48,784)	204,412
– Bridges	81,367	(24,351)	57,016	–	–	–	(936)	–	–	4,318	87,632	(27,234)	60,398
– Footpaths	6,322	(1,768)	4,554	–	47	–	(66)	–	1	350	6,898	(2,012)	4,886
– Bulk earthworks (non-depreciable)	62,507	–	62,507	–	–	–	–	–	–	4,808	67,315	–	67,315
– Stormwater drainage	36,904	(13,430)	23,474	70	190	–	(490)	–	–	1,806	40,003	(14,953)	25,050
– Water supply network	77,171	(26,662)	50,509	–	159	–	(1,185)	–	43	2,894	81,798	(29,378)	52,420
– Sewerage network	33,167	(7,196)	25,971	75	15	–	(574)	154	(2)	1,488	35,310	(8,183)	27,127
Other assets:													
– Other	3,946	(2,497)	1,449	–	–	–	(193)	–	(278)	427	5,110	(3,705)	1,405
Reinstatement, rehabilitation and restoration assets (refer Note 12):													
– Tip assets	10,005	(738)	9,267	–	–	–	(700)	–	(505)	1,608	10,845	(1,175)	9,670
– Quarry assets	1,646	(573)	1,073	–	–	–	(104)	–	1,611	263	3,302	(459)	2,843
Total infrastructure, property, plant and equipment	650,491	(159,725)	490,766	8,878	14,047	(482)	(12,937)	–	1,207	36,137	727,462	(189,846)	537,616

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5	Playground equipment	5 to 15
Office furniture	5	Benches, seats etc.	10 to 20
Computer equipment	5		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	50 to 60
		Stormwater assets	
Water and sewer assets		Drains	70
Dams and reservoirs	25 to 100	Culverts	40 to 80
Bores	20 to 40		
Reticulation pipes: PVC	70		
Reticulation pipes: other	50 to 70		
Pumps and telemetry	15 to 25		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	N/A
Sealed roads: surface	15 to 18	Swimming pools	50
Sealed roads: structure	40 to 100	Other open space/recreational assets	5 to 100
Bridge: concrete	80	Other infrastructure	5 to 100
Bridge: other	80		
Kerb, gutter and footpaths	50 to 100		

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 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 were revalued, resulting in a decrease in value of \$2,806 thousand.

With the escalation of costs, Council has indexed all other Infrastructure. Buildings and Other Structure by the Building Construction producer price index for NSW at 7.85% and Bridges, Footpaths, Stormwater, Roads and Other Assets by the Road and Bridge Construction producer price index for NSW at 5.91%.

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

Land under roads

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

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

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

Crown reserves

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

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

Rural Fire Service assets

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

Until such time as discussions on the matter have concluded and Legislation changed, Council will continue to recognise fire service assets including land, buildings, plant and vehicles.

C1-8 Investment properties

\$ '000	2023	2022
Owned investment property		
Investment property on hand at fair value	1,190	600
Total owned investment property	1,190	600
Owned investment property		
At fair value		
Opening balance at 1 July	600	600
Net gain/(loss) from fair value adjustments	590	-
Closing balance at 30 June	1,190	600

Accounting policy

Council owns one investment property being grazing land, it is held for long-term rental yield and is not occupied by Council. The fair value measurement of the property is the NSW Valuer General value at the last valuation date being 1 July 2022.

Changes in fair values are recorded in the Income Statement as part of other income.

C1-9 Other

Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	207	-	-	-
Total other assets	207	-	-	-

C2 Leasing activities

C2-1 Council as a lessee

(i) Council as a lessee

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

Terms and conditions of leases

Vehicles

Council lease motor vehicles with lease terms varying from 2 to 3 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office and IT Equipment

Leases for office and IT equipment are generally for low value assets. Council has reviewed existing arrangements associated with the leasing of these assets and it has been determined that Council does not require to report under AASB16 for this financial year, as most of the current leases are for a period of 12 or less months and the value of the total lease contracts collectively is not material.

(a) Right of use assets

\$ '000	Plant & Equipment	Ready to use	Total
2023			
Opening balance at 1 July	58	–	58
Additions to right-of-use assets	167	–	167
Depreciation charge	(23)	–	(23)
Balance at 30 June	202	–	202
2022			
Additions to right-of-use assets	67	–	67
Depreciation charge	(9)	–	(9)
Balance at 30 June	58	–	58

(b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	81	121	32	26
Total lease liabilities	81	121	32	26

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2023					
Cash flows	81	121	–	202	202
2022					
Cash flows	32	26	–	58	58

(ii) Lease liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total lease liabilities relating to unrestricted assets	81	121	32	26
Total lease liabilities	81	121	32	26

(d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	6	–
Depreciation of right of use assets	23	9
Other	8	1
	37	10

(e) Statement of Cash Flows

Total cash outflow for leases	14	1
	14	1

Accounting policy

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

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

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

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

C2-1 Council as a lessee (continued)

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties for staff housing, health services, emergency services and community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8) and/or IPP&E (refer note C1-7).

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

(i) Assets held as investment property

Investment property operating leases relates to one investment property being grazing land, it is held for long-term rental yields and is owned by Council.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	12	12
Total income relating to operating leases for investment property assets	12	12
Investment property expenses		
Repairs and maintenance: investment property	6	12
Total expenses relating to investment property	6	12

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council properties for the purpose of staff housing, health services, emergency services and community groups, the table below relates to operating leases on assets disclosed in C1-8.

Accounting policy

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

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

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

C2-2 Council as a lessor (continued)

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	3,878	–	1,653	–
Accrued expenses:				
– Salaries and wages	311	–	424	–
Security bonds, deposits and retentions	67	–	150	–
Prepaid rates	367	–	372	–
Total payables	4,623	–	2,599	–

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total payables relating to unrestricted assets	4,623	–	2,599	–
Total payables	4,623	–	2,599	–

Accounting policy

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

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

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	8,321	–	2,365	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	384	–	73	–
Total grants received in advance		8,705	–	2,438	–
Total contract liabilities		8,705	–	2,438	–

Notes

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

C3-2 Contract Liabilities (continued)

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

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

\$ '000	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,794	3,064
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,794	3,064

Significant changes in contract liabilities

Council spent large component of grants previously held as liabilities. There is a significant transfer to the liability as at 30 June due to the number of state and commonwealth funded programs currently being undertaken.

Accounting policy

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

C3-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured ¹	370	10,928	258	3,347
Total borrowings	370	10,928	258	3,347

(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.

Borrowings relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Water	308	10,547	196	2,904
Borrowings relating to externally restricted assets	308	10,547	196	2,904
Total borrowings relating to restricted assets	308	10,547	196	2,904
Total borrowings relating to unrestricted assets	62	381	62	443
Total borrowings	370	10,928	258	3,347

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	3,605	(307)	8,000	–	–	–	11,298
Lease liability (Note C2-1b)	58	144	–	–	–	–	202
Total liabilities from financing activities	3,663	(163)	8,000	–	–	–	11,500

	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	3,852	(247)	–	–	–	–	3,605
Lease liability (Note C2-1b)	–	–	58	–	–	–	58
Total liabilities from financing activities	3,852	(247)	58	–	–	–	3,663

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	30	30
Total financing arrangements	30	30
Undrawn facilities		
– Credit cards/purchase cards	8	15
Total undrawn financing arrangements	8	15

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans are secured over the general rating income of Council.

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	735	–	707	–
Sick leave	30	–	28	–
Long service leave	757	102	863	106
Other Leave	193	–	–	–
ELE on-costs	113	6	137	7
Total employee benefit provisions	1,828	108	1,735	113

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	626	758
	626	758

Description of and movements in provisions

\$ '000	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	Other leave	ELE on-costs	
2023						
At beginning of year	707	28	969	–	144	1,848
Additional provisions	452	1	31	185	–	669
Amounts used (payments)	(455)	–	(160)	–	–	(615)
Remeasurement effects	31	1	19	8	(25)	34
Total ELE provisions at end of year	735	30	859	193	119	1,936
2022						
At beginning of year	849	28	1,171	–	187	2,235
Additional provisions	551	–	110	–	–	661
Amounts used (payments)	(710)	–	(305)	–	–	(1,015)
Remeasurement effects	17	–	(7)	–	(43)	(33)
Total ELE provisions at end of year	707	28	969	–	144	1,848

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.

C3-4 Employee benefit provisions (continued)

On-costs

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

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

C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	1,631	7,223	951	12,657
Sub-total – asset remediation/restoration	1,631	7,223	951	12,657
Total provisions	1,631	7,223	951	12,657
Provisions relating to restricted assets				
Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	1,631	7,223	951	12,657
Total provisions	1,631	7,223	951	12,657

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	13,608	13,608
Unwinding of discount	235	235
Amounts used (payments)	(250)	(250)
Revised costs	(4,739)	(4,739)
Total other provisions at end of year	8,854	8,854
2022		
At beginning of year	12,450	12,450
Unwinding of discount	50	50
Revised costs	1,108	1,108
Total other provisions at end of year	13,608	13,608

Nature and purpose of provisions

Asset remediation

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

Accounting policy

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

C3-5 Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

Asset remediation – landfill and quarries

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

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

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.

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	10,340	2,386	1,308
User charges and fees	3,720	1,389	191
Interest and investment revenue	347	200	226
Other revenues	416	4	–
Grants and contributions provided for operating purposes	16,925	–	–
Grants and contributions provided for capital purposes	5,119	13,897	71
Other income	602	–	–
Total income from continuing operations	37,469	17,876	1,796
Expenses from continuing operations			
Employee benefits and on-costs	8,824	610	297
Materials and services	13,074	1,365	356
Borrowing costs	268	176	–
Depreciation, amortisation and impairment of non-financial assets	11,904	1,177	575
Other expenses	378	–	–
Net losses from the disposal of assets	818	100	14
Total expenses from continuing operations	35,266	3,428	1,242
Operating result from continuing operations	2,203	14,448	554
Net operating result for the year	2,203	14,448	554
Net operating result attributable to each council fund	2,203	14,448	554
Net operating result for the year before grants and contributions provided for capital purposes	(2,916)	551	483

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	750	3,263	6,789
Investments	22,566	7,669	2,765
Receivables	2,006	1,199	123
Inventories	1,018	58	–
Contract assets and contract cost assets	5,494	2,990	–
Other	207	–	–
Total current assets	32,041	15,179	9,677
Non-current assets			
Receivables	22	–	–
Infrastructure, property, plant and equipment	459,097	88,036	19,817
Investment property	1,190	–	–
Right of use assets	202	–	–
Total non-current assets	460,511	88,036	19,817
Total assets	492,552	103,215	29,494
LIABILITIES			
Current liabilities			
Payables	4,623	–	–
Contract liabilities	8,224	481	–
Lease liabilities	81	–	–
Borrowings	62	308	–
Employee benefit provision	1,828	–	–
Provisions	1,631	–	–
Total current liabilities	16,449	789	–
Non-current liabilities			
Lease liabilities	121	–	–
Borrowings	381	10,547	–
Employee benefit provision	108	–	–
Provisions	7,223	–	–
Total non-current liabilities	7,833	10,547	–
Total liabilities	24,282	11,336	–
Net assets	468,270	91,879	29,494
EQUITY			
Accumulated surplus	174,748	52,376	13,753
Revaluation reserves	293,522	39,503	15,741
Council equity interest	468,270	91,879	29,494
Total equity	468,270	91,879	29,494

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the financial instruments held are:

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

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

(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	380	232

(b) Credit risk

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

Credit risk profile

Receivables – rates and annual charges

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

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2023				
Gross carrying amount	–	984	68	1,052
2022				
Gross carrying amount	–	926	105	1,031

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	10,861	25	2	2	260	11,150
Expected loss rate (%)	0.00%	0.00%	0.50%	0.85%	84.60%	1.97%
ECL provision	–	–	–	–	220	220
2022						
Gross carrying amount	4,439	3,966	15	63	436	8,919
Expected loss rate (%)	0.00%	0.00%	0.50%	0.85%	62.00%	3.04%
ECL provision	–	–	–	1	270	271

(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.

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2023							
Payables	0.00%	67	4,557	–	–	4,624	4,623
Borrowings	0.00%	–	370	2,016	8,912	11,298	11,298
Total financial liabilities		67	4,927	2,016	8,912	15,922	15,921

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2022							
Payables	0.00%	150	2,449	–	–	2,599	2,599
Borrowings	5.34%	–	451	1,480	1,867	3,798	3,605
Total financial liabilities		150	2,900	1,480	1,867	6,397	6,204

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

Fair value hierarchy

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).

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Investment property C1-8									
Investment properties		30/06/2023	30/06/2018	1,190	600	–	–	1,190	600
Total investment property				1,190	600	–	–	1,190	600
Infrastructure, property, plant and equipment C1-7									
Plant and equipment		30/06/18	30/06/18	–	–	5,023	6,341	5,023	6,341
Office equipment		30/06/18	30/06/18	–	–	166	181	166	181
Furniture and fittings		30/06/18	30/06/18	–	–	176	157	176	157
Operational land		30/06/18	30/06/18	9,067	8,407	–	–	9,067	8,407
Community land		30/06/23	30/06/18	–	–	5,248	5,030	5,248	5,030
Buildings		30/06/18	30/06/18	–	–	34,987	31,811	34,987	31,811
Other structures		30/06/22	30/06/22	–	–	12,917	11,154	12,917	11,154
Roads		30/06/21	30/06/21	–	–	214,694	204,412	214,694	204,412
Bridges		30/06/21	30/06/21	–	–	62,632	60,398	62,632	60,398
Footpaths		30/06/21	30/06/21	–	–	5,123	4,886	5,123	4,886
Bulk earthworks (non-depreciable)		30/06/21	30/06/21	–	–	71,293	67,315	71,293	67,315
Stormwater drainage		30/06/21	30/06/21	–	–	26,110	25,050	26,110	25,050
Water supply network		30/06/23	30/06/18	–	–	56,959	52,420	56,959	52,420
Sewerage network		30/06/23	30/06/18	–	–	18,302	27,127	18,302	27,127
Other assets		30/06/10	30/06/10	–	–	1,144	1,405	1,144	1,405
Total infrastructure, property, plant and equipment				9,067	8,407	514,774	497,687	523,841	506,094

Non-recurring fair value measurements

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Investment property

The Investment property was valued using Level 2 inputs as at 30 June 2023. The value was derived from the NSW Valuer General values published as at 1 July 2022. The Valuer General is an independent statutory officer appointed by the Governor of NSW to oversee the valuation system. The Valuer General is responsible for providing fair and consistent land values in NSW, in line with the Valuation of Land Act 1916. Valuation contractors prepare land values for Valuation NSW. Valuation NSW staff then check the quality and consistency of these values before they are issued by the Valuer General. Land value is the market value of the land only, as if it was sold on 1 July in the valuing year.

The prior year valuation was at 30 June 2018 by Scott Fullarton registered valuer NSW No 67557, where observable inputs used in determining the valuation included net rentals in order to provide a rate per m² this value was then used in conjunction with sales of comparable properties. Unobservable inputs include a limited number of sales evidence on the open market.

As the investment property is land only, the higher value is market value of the land for sale, not the net present value of the cash flow from investment activity.

Infrastructure, property, plant and equipment (IPPE)

Community Land

Community Land was valued using Level 3 inputs as at 30 June 2023. The values were derived from the NSW Valuer General values published as at 1 July 2022. The Valuer General is an independent statutory officer appointed by the Governor of NSW to oversee the valuation system. The Valuer General is responsible for providing fair and consistent land values in NSW, in line with the Valuation of Land Act 1916. Valuation contractors prepare land values for Valuation NSW. Valuation NSW staff then check the quality and consistency of these values before they are issued by the Valuer General. Land value is the market value of the land only, as if it was sold on 1 July in the valuing year. The fair value of Land not valued by the Valuer General was valued using the average per measurement valuation of land within this category.

Operational Land

Council's operational land includes all of Council's land and managed Crown Land, that has been classified as operational by the Department of Lands. Council's operational land is valued on an annual basis with a comprehensive valuation completed in 2018. Council's operational land was valued using the market approach. This asset class is categorised as level 2 as some inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Buildings, Infrastructure and Other Assets

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value (30/6/23) 2023	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Community Land	5,248	Land values obtained from the NSW Valuer General	Land values obtained from the NSW Valuer General
Buildings	34,987	External valuation	Using depreciable replacement cost given limited comparable sales information
Roads, bridges, Footpaths, stormwater	379,852	Internal valuation using cost approach	Derived using asset condition and remaining useful life
Sewer Infrastructure	18,302	Internal valuation using cost approach	Derived using asset condition and remaining useful life
Water infrastructure	56,959	External valuation on Quipolly Dam, Internal valuation using cost approach on all other Water assets	Derived using asset condition and remaining useful life
Other Structures	12,917	Internal valuation using cost approach	Derived using asset condition and remaining useful life
Remaining Classes	6,509	At cost but disclosed at fair value	No observable or unobservable inputs were used

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

\$ '000	Level 3 asset class	
	2023	2022
Opening balance	497,687	465,570
Recognised in other comprehensive income – revaluation gain(loss)	20,840	34,265
Purchases (GBV)	10,352	10,352
Disposals (WDV)	(992)	(468)
Depreciation and impairment	(13,113)	(12,133)
Other movement	–	101
Closing balance	514,774	497,687

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 (Active Super) (The Fund) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formula 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% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of Fund and recognised as an expense for the year ending 30 June 2023 was \$55 thousand. The last formal valuation of the Scheme was undertaken by Fund Actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of past service contributions included in the total employer contribution advised above is \$41 thousand. Council's expected contribution to the plan for the next annual reporting period is \$50 thousand.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.18%

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	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.

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	807	683
Post-employment benefits	42	54
Other long-term benefits	54	45
Total	903	782

Other transactions with KMP and their related parties

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

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	24	21
Councillors' fees	91	73
Other Councillors' expenses (including Mayor)	13	18
Total	128	112

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	90	95
Remuneration for audit and other assurance services	90	95
Total Auditor-General remuneration	90	95
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other assurance services: Council's Auditor	-	8
Remuneration for audit and other assurance services	-	8
Total remuneration of non NSW Auditor-General audit firms	-	8
Total audit fees	90	103

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	Notes	2023	2022
Net operating result from Income Statement		17,205	8,562
Add / (less) non-cash items:			
Depreciation and amortisation		13,656	12,946
(Gain) / loss on disposal of assets		932	215
Non-cash capital grants and contributions		(649)	(450)
Remediation Re-measurement		5,714	(1,157)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investment property		(590)	–
Unwinding of discount rates on reinstatement provisions		235	50
Movements in operating assets and liabilities and other cash items:			
(Increase) / decrease of receivables		1,869	(1,887)
Increase / (decrease) in provision for impairment of receivables		(47)	41
(Increase) / decrease of inventories		25	(404)
(Increase) / decrease of other current assets		(207)	–
(Increase) / decrease of contract asset		(4,124)	(3,533)
Increase / (decrease) in payables		2,225	916
Increase / (decrease) in other accrued expenses payable		(113)	81
Increase / (decrease) in other liabilities		(88)	56
Increase / (decrease) in contract liabilities		6,267	(1,044)
Increase / (decrease) in employee benefit provision		88	(387)
Increase / (decrease) in other provisions		(4,989)	1,108
Net cash flows from operating activities		37,409	15,113

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Water Infrastructure	91	63
Sewer Infrastructure	1,262	–
Road Infrastructure	1,300	114
Airport	–	66
Council Buildings	244	–
Water Security Project	5,563	22,998
Recreational Assets	1,094	8
Total commitments	9,554	23,249
These expenditures are payable as follows:		
Within the next year	9,554	18,249
Later than one year and not later than 5 years	–	5,000
Total payable	9,554	23,249
Sources for funding of capital commitments:		
Future grants and contributions	5,126	14,998
Unexpended grants	1,369	188
Externally restricted reserves	2,733	63
Internally restricted reserves	326	–
New loans (to be raised)	–	8,000
Total sources of funding	9,554	23,249

Details of capital commitments

Council has accepted funding under the Commonwealth and State Grant Program and is working on improving recreational assets within the community. Roadworks are continuing across the Council. Work is also being conducted on Council's water and sewer assets, along with the airport.

G3-1 Events occurring after the reporting date

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

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					
Liverpool Plains Section 7.12 Contribution Plan	233	92	-	-	7	-	-	332	-
Liverpool Plains Section 7.11 Contribution Plan	435	37	-	-	11	-	-	483	-
Contribution Plan - Quirindi S7.11 - Old Plan	150	-	-	-	3	-	-	153	-
Contribution Plan - Werris Creek S7.11 - Old Plan	167	-	-	-	4	-	-	171	-
Contribution Plan - Willow Tree S7.11 - Old Plan	262	-	-	-	6	-	-	267	-
Liverpool Plains Section 64 - Contribution Plan - Water	601	5	-	-	14	-	-	620	-
Liverpool Plains Section 64 - Contribution Plan - Sewer	42	-	-	-	1	-	-	43	-
Total contributions	1,890	134	-	-	46	-	-	2,069	-

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. 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.

Council adopted a revised Section 7.12 Contribution Plan on 22 March 2023 and a Section 7.11 Heavy Haulage Contribution Plan on 26 April 2023, no funds had been received under the Heavy Haulage Contribution Plan during the year.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(1,587)	(4.24)%	(19.42)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	37,464			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	20,539	36.32%	42.06%	> 60.00%
Total continuing operating revenue ¹	56,551			
3. Unrestricted current ratio				
Current assets less all external restrictions	17,753	3.42x	8.09x	> 1.50x
Current liabilities less specific purpose liabilities	5,191			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	12,513	16.17x	15.03x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	774			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	1,145	7.44%	7.83%	< 10.00%
Rates and annual charges collectable	15,387			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	43,802	19.55 months	12.69 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,240			

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ^{3, 4}		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(8.25)%	(23.53)%	13.85%	1.73%	28.00%	(1.24)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	40.23%	43.00%	22.26%	31.50%	96.05%	100.00%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.42x	8.09x	19.24x	31.50x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	15.97x	41.61x	10.82x	3.85x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	9.79%	7.34%	0.00%	9.22%	0.00%	9.08%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	15.07 months	7.32 months	∞	35.86 months	∞	15.17 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

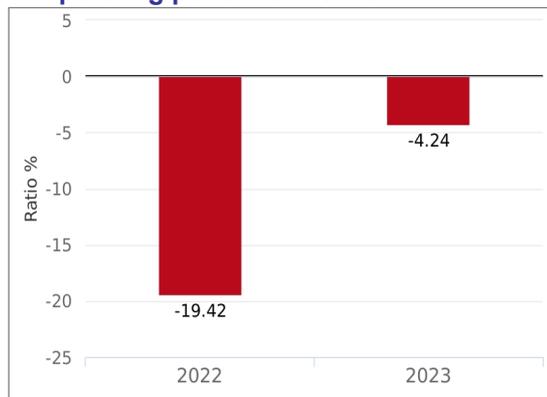
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

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 (4.24)%

Council's unadjusted ratio is -17.46% a slight improvement on last year, however, well below the benchmark due to high depreciation costs and a low income base.

Council received 100% of the advanced payment for Financial Assistance Grant, Pothole and resilience grants that are unspent at year end. These grants improved the ratio by 12.82% to -4.64%.

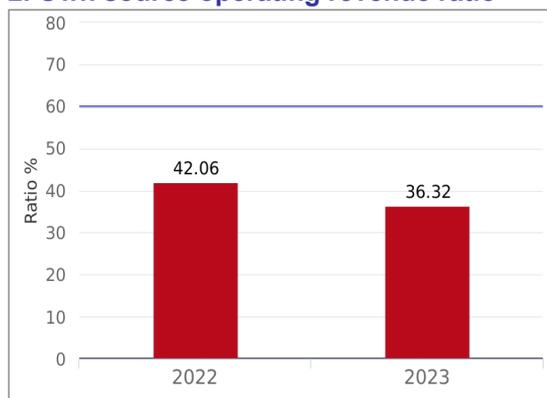
Benchmark: — > 0.00%

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 36.32%

Own source revenue has been impacted by additional operational grant funds received for the natural disasters, where work was prioritised to repair Council's road network.

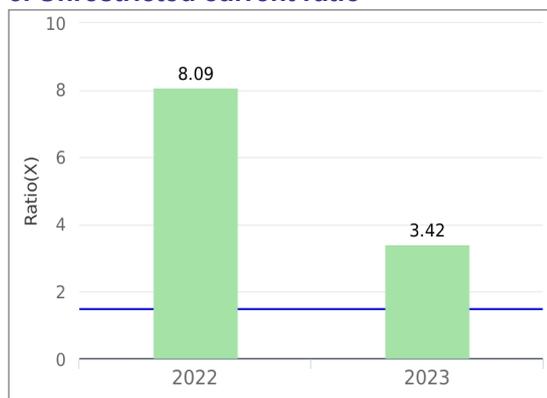
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 3.42x

Council continues to exceed the ratio benchmark. Council manages their funds to meet their budgeted expenditure program.

Benchmark: — > 1.50x

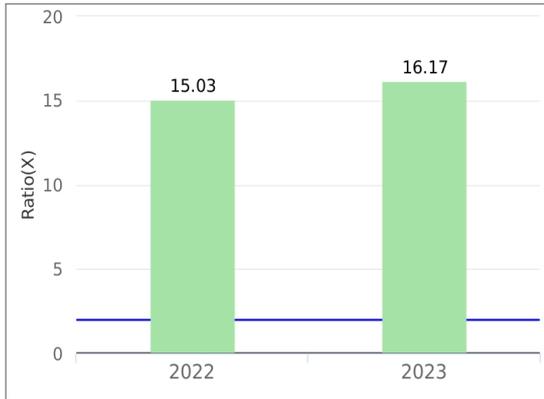
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 16.17x

Council's unadjusted ratio is 9.76%. This reduction was due to Council initiating the borrow of \$8 Million to finalise the construction of the Quipolly Water Security Project.

Council received 100% of the advanced payment for Financial Assistance Grant, Pothole and resilience grants that are unspent at year end. These grants improved the ratio by 6.21% to 15.97%.

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 7.44%

Council exceeded benchmark by continuing to manage the debt recovery activity.

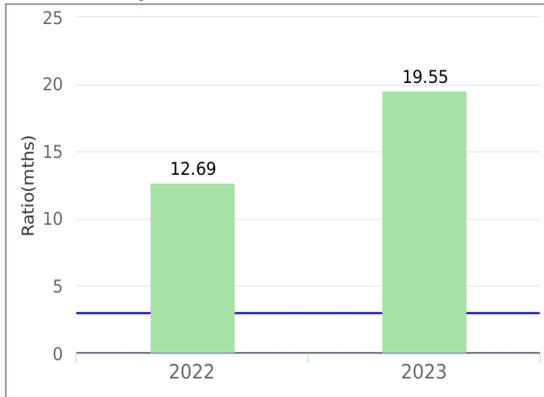
Benchmark: — < 10.00%

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 19.55 months

Council has adequate cash to meet on-going expenses.

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

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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



Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

28 March 2024
SYDNEY



Cr Doug Hawkins
Mayor
Liverpool Plains Shire Council
PO Box 152
QUIRINDI NSW 2343

Contact: Jan-Michael Perez
Phone no: 02 9275 7115
Our ref: R008-16585809-52458

28 March 2024

Dear Mayor Hawkins

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

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

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

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issue and observation during my audit of the Council's financial statements. This issue and observation was addressed as part of my audit.

Comprehensive revaluation of infrastructure, property, plant and equipment

AASB 116 'Property, Plant and Equipment' and the Local Government Code of Accounting Practice and Financial Reporting require councils to perform revaluations of infrastructure, property, plant and equipment with sufficient regularity to ensure they are recorded at the end of the reporting period at fair value.

A revaluation of the Quipolly dam was not initiated until November 2023. The Council was required to seek an extension to the annual report lodgement deadline with the Office of Local Government to 31 March 2024.

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	14.0	13.2	↑ 6.1
Grants and contributions revenue	36.0	25.1	↑ 43.4
Operating result from continuing operations	17.2	8.6	↑ 100.0
Net operating result before capital grants and contributions	(1.9)	(5.9)	↑ 67.8

Rates and annual charges revenue (\$14.0 million) increased by \$845,000 (6.1 per cent) in 2022–23 due to rate peg increase of 8.0 per cent and increases in water access charges of 4.0 per cent and sewer access charges of 6 per cent.

Grants and contributions revenue (\$36.0 million) increased by \$10.9 million (43.4 per cent) in 2022–23 due to:

- \$6.3 million increase in capital grants recognised for the water supply project
- \$5.7 million in transport grants recognised for natural disaster and pothole repairs
- \$703,000 increase in financial assistance grants due to receiving 100 per cent of the financial assistance grants for 2023-24 in advance (75 per cent in 2021-22)
- \$199,000 increase in non-cash contributions recognised during the year.

Offset by:

- \$1.1 million decrease in drought funding grants recognised during the year
- \$326,000 decrease in local roads and community infrastructure recognised due to deferral of works
- \$564,000 decrease in library - special projects grants due to completion of library precinct in prior year.

The Council's operating result from continuing operations (\$17.2 million including depreciation, amortisation and impairment expense of \$13.7 million) was \$8.6 million higher than the 2021–22 result. This was primarily due to the increase in grants and contributions as explained above.

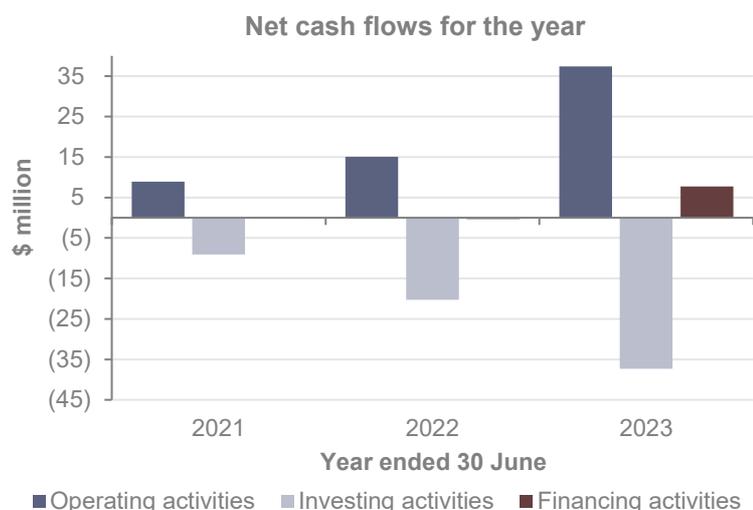
The net operating deficit before capital grants and contributions (\$1.9 million) was \$4.0 million higher than the 2021–22 result. This is mainly due to changes in operational grants and contributions and increase in rates and annual charges as discussed above, offset by an increase in expenses from continuing operations during the year.

STATEMENT OF CASH FLOWS

Cash from operating activities increased by \$22.3 million due to an increase in grants and contributions cash receipts received during the year.

Cash outflows from investing activities increased by \$17.0 million due to an increase in purchase of term deposits and infrastructure, property, plant and equipment during the year.

Cash inflows from financing activities increased by \$7.9 million due to new borrowings in the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	43.8	26.2	Externally restricted balances comprise mainly of specific purpose unexpended grants, 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	34.8	22.3	At 30 June 2023 Council holds \$67,000 in unrestricted and unallocated cash, cash equivalents and investments. This is \$79,000 lower than last year.
• Internal allocations	9.0	3.9	

Debt

At 30 June 2023, the Council had:

- \$11.3 million in secured loans (\$3.6 million in 2021-22)
- \$30,000 in credit card facility with \$22,000 used.

PERFORMANCE

Performance measures

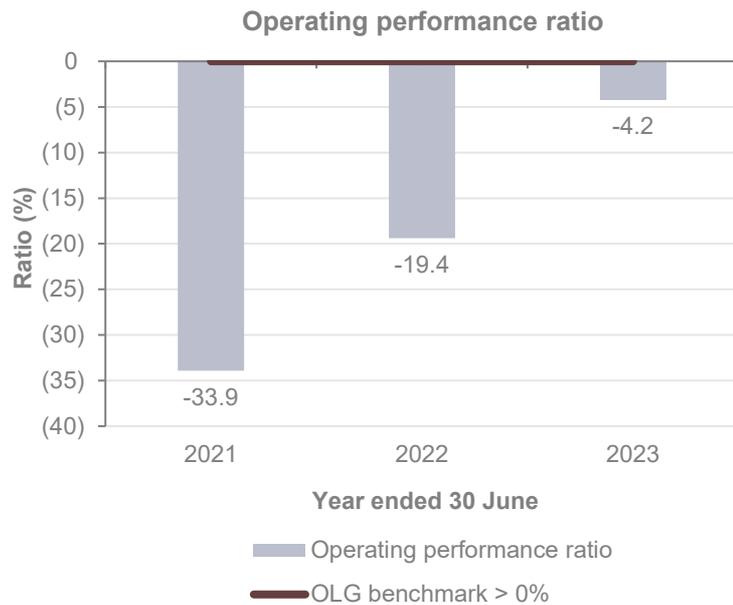
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

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

The ratio improved during the year mainly due to the increase in grants and contribution revenue provided for operating purposes.

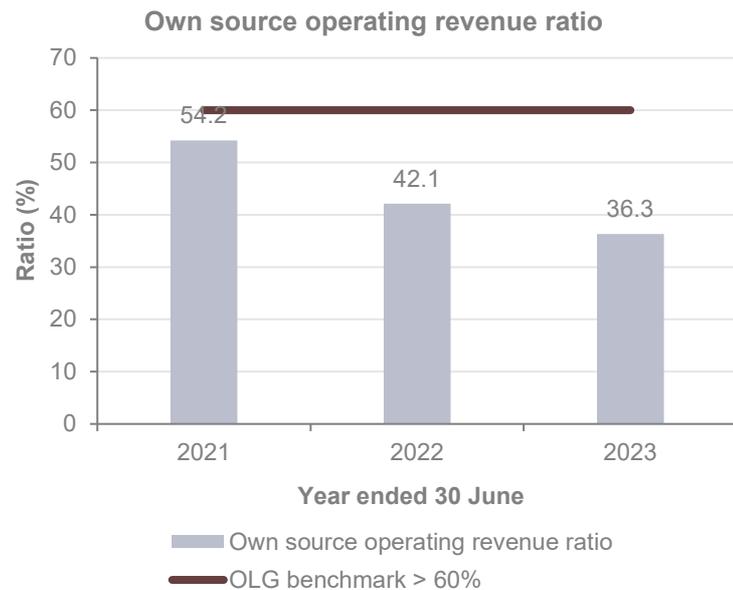


Own source operating revenue ratio

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

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

The ratio continues to decline due to a decline in own source revenue compared to total revenue which is mainly attributable to increased grants and contributions.

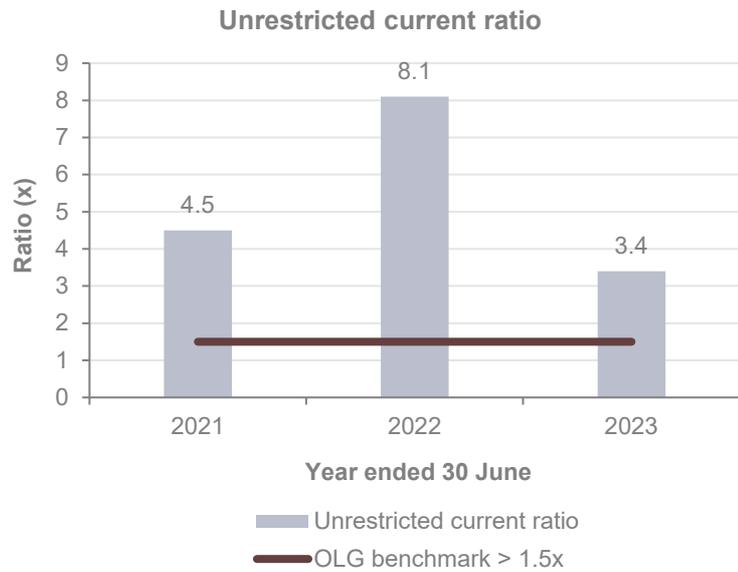


Unrestricted current ratio

The Council exceeded 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.

The ratio declined during the year due to an increase in unrestricted current liabilities compared to prior year as there were significant externally restricted contract liabilities relating to the water fund in 2021-22.

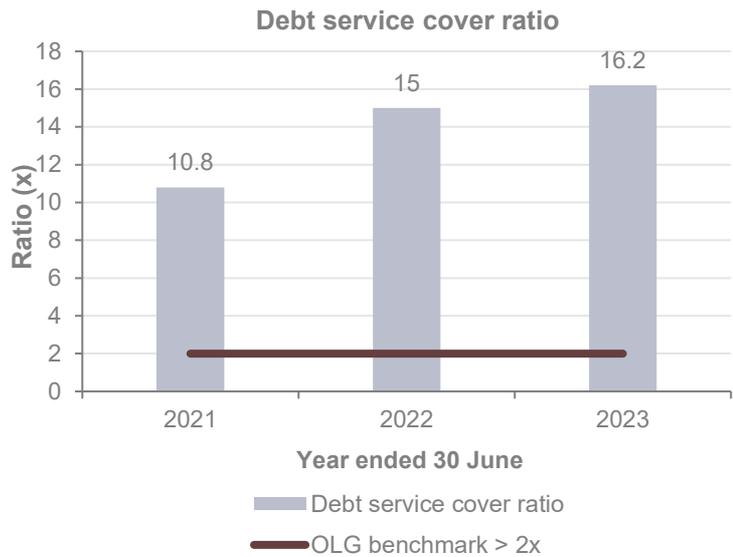


Debt service cover ratio

The Council exceeded 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.

The ratio improved during the year despite new loans taken out by the Council and increases to interest rates due to unspent grants and contributions held as investments at year end.

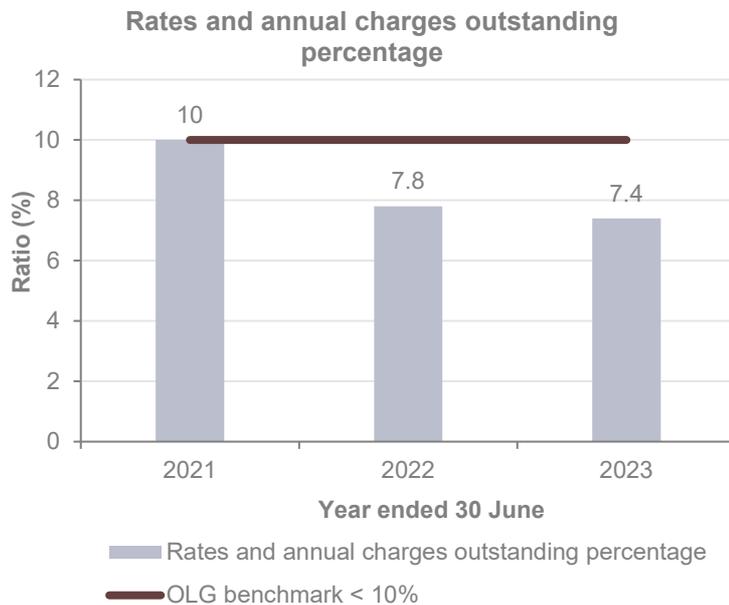


Rates and annual charges outstanding percentage

The Council exceeded 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.

The ratio had remained consistent with prior year due to outstanding repayments impacted by rising costs of living.

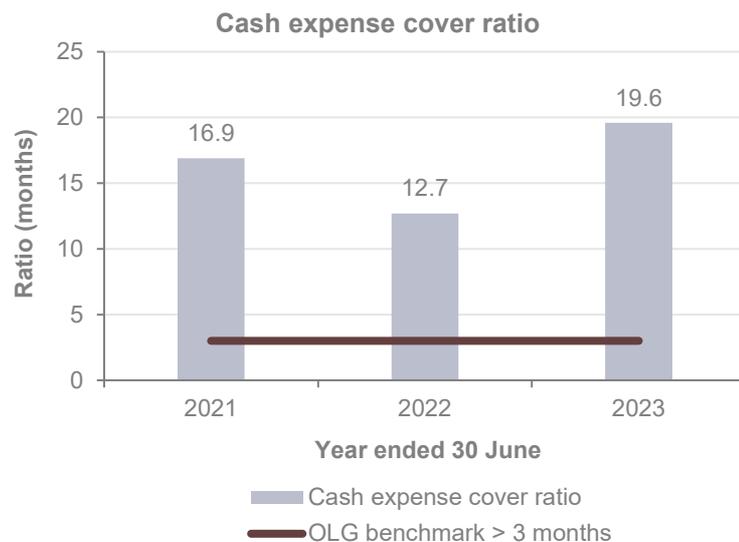


Cash expense cover ratio

The Council exceeded 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.

The ratio increased during the year due to an increase in total cash, cash equivalents and investments held by the Council at year end.



Infrastructure, property, plant and equipment renewals

The Council renewed \$8.4 million of infrastructure, property, plant and equipment during the 2022-23 financial year (2021-22 \$8.9 million) This was mainly spent on roads. The Council's renewal expenditure continues to be lower than depreciation expense of \$13.6 million. A further \$19.2 million was spent on new assets primarily including additions for water project worth \$15.9 million during the year.

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.



Jan-Michael Perez
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Liverpool Plains Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023



Liverpool Plains Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
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Special Purpose Financial Statements:	
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Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

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).

Liverpool Plains Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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:

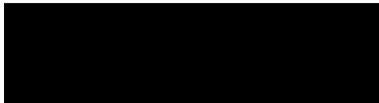
- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records
- 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 27 March 2024.



Doug Hawkins OAM

Mayor

27 March 2024



Terry Cohen

Councillor

27 March 2024



Gary Murphy

General Manager

27 March 2024



Joanna Little

Responsible Accounting Officer

27 March 2024

Liverpool Plains Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	2,386	2,299
User charges	1,370	1,028
Fees	19	13
Interest and investment income	200	46
Grants and contributions provided for operating purposes	–	13
Other income	4	2
Total income from continuing operations	3,979	3,401
Expenses from continuing operations		
Employee benefits and on-costs	610	741
Borrowing costs	176	186
Materials and services	1,365	1,230
Depreciation, amortisation and impairment	1,177	1,185
Net loss from the disposal of assets	100	–
Total expenses from continuing operations	3,428	3,342
Surplus (deficit) from continuing operations before capital amounts	551	59
Grants and contributions provided for capital purposes	13,897	7,355
Surplus (deficit) from continuing operations after capital amounts	14,448	7,414
Surplus (deficit) from all operations before tax	14,448	7,414
Less: corporate taxation equivalent (25%) [based on result before capital]	(138)	(15)
Surplus (deficit) after tax	14,310	7,399
Plus accumulated surplus	37,928	30,514
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	138	15
Closing accumulated surplus	52,376	37,928
Return on capital %	0.8%	0.4%
Subsidy from Council	2,812	2,172
Calculation of dividend payable:		
Surplus (deficit) after tax	14,310	7,399
Less: capital grants and contributions (excluding developer contributions)	(13,666)	(7,355)
Surplus for dividend calculation purposes	644	44
Potential dividend calculated from surplus	322	22

Liverpool Plains Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	1,308	1,245
Liquid trade waste charges	190	159
Fees	1	5
Interest and investment income	226	47
Total income from continuing operations	1,725	1,456
Expenses from continuing operations		
Employee benefits and on-costs	297	332
Materials and services	356	568
Depreciation, amortisation and impairment	575	574
Net loss from the disposal of assets	14	–
Total expenses from continuing operations	1,242	1,474
Surplus (deficit) from continuing operations before capital amounts	483	(18)
Grants and contributions provided for capital purposes	71	–
Surplus (deficit) from continuing operations after capital amounts	554	(18)
Surplus (deficit) from all operations before tax	554	(18)
Less: corporate taxation equivalent (25%) [based on result before capital]	(121)	–
Surplus (deficit) after tax	433	(18)
Plus accumulated surplus	13,199	13,217
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	121	–
Closing accumulated surplus	13,753	13,199
Return on capital %	2.4%	(0.1)%
Subsidy from Council	314	1,043
Calculation of dividend payable:		
Surplus (deficit) after tax	433	(18)
Less: capital grants and contributions (excluding developer contributions)	(1)	–
Surplus for dividend calculation purposes	432	–
Potential dividend calculated from surplus	216	–

Liverpool Plains Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	3,263	1,285
Investments	7,669	3,877
Receivables	1,199	2,495
Contract assets and contract cost assets	2,990	1,386
Inventories	58	59
Total current assets	15,179	9,102
Non-current assets		
Infrastructure, property, plant and equipment	88,036	66,030
Total non-current assets	88,036	66,030
Total assets	103,215	75,132
LIABILITIES		
Current liabilities		
Contract liabilities	481	101
Borrowings	308	196
Total current liabilities	789	297
Non-current liabilities		
Borrowings	10,547	2,904
Total non-current liabilities	10,547	2,904
Total liabilities	11,336	3,201
Net assets	91,879	71,931
EQUITY		
Accumulated surplus	52,376	37,928
Revaluation reserves	39,503	34,003
Total equity	91,879	71,931

Liverpool Plains Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	6,789	2,339
Investments	2,765	6,765
Receivables	123	129
Total current assets	9,677	9,233
Non-current assets		
Infrastructure, property, plant and equipment	19,817	28,013
Total non-current assets	19,817	28,013
Total assets	29,494	37,246
Net assets	29,494	37,246
EQUITY		
Accumulated surplus	13,753	13,199
Revaluation reserves	15,741	24,047
Total equity	29,494	37,246

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. Water Supply Network

Is comprised of water supply operations and net assets system servicing the towns of Quirindi, Werris Creek, Wallabadah, Willow Tree, Spring Ridge, Wahallow, Blackville, Carroona and Premer.

Category 2

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

b. Sewerage Service

Is comprised of sewerage reticulation and treatment operations and net asset system servicing the towns of Quirindi and Werris Creek

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):

Note – Significant Accounting Policies (continued)

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 \$969,000 up to \$5,925,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$1,200,000.

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a ‘dividend for taxation equivalent’, may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

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

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

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

Income tax is only applied where a gain/ (loss) 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.

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.

Note – Significant Accounting Policies (continued)

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

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



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Liverpool Plains Shire 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.

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. The description forms part of my auditor's report.

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

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

A handwritten signature in black ink, consisting of the letters 'JMP' in a stylized, cursive font.

Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

28 March 2024
SYDNEY

Liverpool Plains Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Liverpool Plains Shire Council

Special Schedules

for the year ended 30 June 2023

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Liverpool Plains Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	8,326	9,025
Plus or minus adjustments ²	b	27	61
Notional general income	c = a + b	8,353	9,086
Permissible income calculation			
Special variation percentage ³	d	8.00%	18.10%
Less expiring special variation amount	g	–	(1,072)
Plus special variation amount	h = d x (c + g)	668	1,451
Sub-total	k = (c + g + h + i + j)	9,021	9,465
Plus (or minus) last year's carry forward total	l	2	(2)
Sub-total	n = (l + m)	2	(2)
Total permissible income	o = k + n	9,023	9,463
Less notional general income yield	p	9,025	9,390
Catch-up or (excess) result	q = o – p	(2)	73
Carry forward to next year ⁶	t = q + r + s	(2)	73

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.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

28 March 2024
SYDNEY

Liverpool Plains Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Buildings	Other	83	83	802	578	34,987	67,754	25.0%	54.0%	21.0%	0.0%	0.0%	
	Sub-total	83	83	802	578	34,987	67,754	25.0%	54.0%	21.0%	0.0%	0.0%	
Other structures	Other structures	824	824	400	178	12,917	26,370	30.0%	36.0%	25.0%	7.0%	2.0%	
	Sub-total	824	824	400	178	12,917	26,370	30.0%	36.0%	25.0%	7.0%	2.0%	
Roads	Sealed roads	19,645	19,645	4,631	6,867	131,582	167,191	16.0%	11.0%	29.0%	41.0%	3.0%	
	Unsealed roads	3,432	3,432	898	1,176	83,111	105,604	72.0%	6.0%	10.0%	11.0%	1.0%	
	Bridges	696	696	278	–	62,632	92,788	89.0%	3.0%	6.0%	1.0%	1.0%	
	Footpaths	165	165	73	–	5,124	7,340	53.0%	25.0%	14.0%	7.0%	1.0%	
	Bulk earthworks	–	–	–	–	71,293	71,293	100.0%	0.0%	0.0%	0.0%	0.0%	
	Sub-total	23,938	23,938	5,880	8,043	353,742	444,216	58.7%	6.6%	14.8%	18.4%	1.5%	
Water supply network	Water supply network	16,307	16,307	2,850	1,556	56,959	108,474	4.0%	21.0%	17.0%	43.0%	15.0%	
	Sub-total	16,307	16,307	2,850	1,556	56,959	108,474	4.0%	21.0%	17.0%	43.0%	15.0%	
Sewerage network	Sewerage network	4,206	4,206	1,035	950	18,302	36,570	13.0%	12.0%	42.0%	20.0%	13.0%	
	Sub-total	4,206	4,206	1,035	950	18,302	36,570	13.0%	12.0%	42.0%	20.0%	13.0%	
Stormwater drainage	Stormwater drainage	26	26	1,112	53	26,110	42,558	3.0%	14.0%	82.0%	0.0%	1.0%	
	Sub-total	26	26	1,112	53	26,110	42,558	3.0%	14.0%	82.0%	0.0%	1.0%	
Total – all assets		45,384	45,384	12,079	11,358	503,017	725,942	40.7%	15.0%	21.4%	18.9%	4.0%	

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

Infrastructure asset condition assessment 'key'

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

Liverpool Plains Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	9,500	84.86%	84.85%	> 100.00%
Depreciation, amortisation and impairment	11,195			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	45,384	8.42%	2.49%	< 2.00%
Net carrying amount of infrastructure assets	539,121			
Asset maintenance ratio				
Actual asset maintenance	11,358	94.03%	83.21%	> 100.00%
Required asset maintenance	12,079			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	45,384	6.25%	1.91%	
Gross replacement cost	725,942			

(*) 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.