

# Yass Valley Council

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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*"A diverse rural region that provides lifestyle, business and recreation choices, while sustaining our environment, history and community"*



# Yass Valley Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

209 Comur Street  
YASS NSW 2582

Council's guiding principles are detailed in Chapter 3 of the *Local Government Act 1993 (NSW)* (the Act) and includes:

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

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

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

# Yass Valley Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

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

##### 4. The Statement of Changes in Equity

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

##### 5. The Statement of Cash Flows

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

# Yass Valley Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Statement by Councillors and Management

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

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

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

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

- present fairly 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 20 December 2023.



Allan McGrath  
Mayor  
20 December 2023



Cayla Pothan  
Councillor  
20 December 2023



Chris Berry  
Chief Executive Officer  
20 December 2023



Lynette Safranek  
Director Corporate & Community  
20 December 2023

# Yass Valley Council

## Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Income from continuing operations</b>				
19,275	Rates and annual charges	B2-1	19,788	18,663
6,071	User charges and fees	B2-2	5,622	5,883
300	Other revenues	B2-3	458	607
5,092	Grants and contributions provided for operating purposes	B2-4	9,978	7,929
11,578	Grants and contributions provided for capital purposes	B2-4	17,684	18,450
139	Interest and investment income	B2-5	1,220	201
507	Other income	B2-6	401	2,739
1,896	Net gain from the disposal of assets	B4-1	-	-
44,858	<b>Total income from continuing operations</b>		<b>55,151</b>	<b>54,472</b>
<b>Expenses from continuing operations</b>				
15,085	Employee benefits and on-costs	B3-1	12,850	12,448
11,133	Materials and services	B3-2	14,894	10,121
1,097	Borrowing costs	B3-3	693	845
5,997	Depreciation, amortisation and impairment of non-financial assets	B3-4	9,141	8,017
880	Other expenses	B3-5	963	1,008
-	Net loss from the disposal of assets	B4-1	2,344	2,452
34,192	<b>Total expenses from continuing operations</b>		<b>40,885</b>	<b>34,891</b>
10,666	<b>Operating result from continuing operations</b>		<b>14,266</b>	<b>19,581</b>
10,666	<b>Net operating result for the year attributable to Council</b>		<b>14,266</b>	<b>19,581</b>
(912)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(3,418)</b>	<b>1,131</b>

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

## Yass Valley Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Net operating result for the year – from Income Statement</b>		<b>14,266</b>	19,581
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
- Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>54,584</b>	31,560
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>54,584</b>	31,560
<b>Total comprehensive income for the year attributable to Council</b>		<b>68,850</b>	51,141

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

## Yass Valley Council

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	Restated 1 July 2021
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	11,333	14,475	9,554
Investments	C1-2	25,100	21,200	24,200
Receivables	C1-4	7,859	4,585	4,525
Inventories	C1-5	119	141	167
Contract assets	C1-6	2,604	4,889	1,856
Other	C1-9	644	222	271
<b>Total current assets</b>		<b>47,659</b>	<b>45,512</b>	<b>40,573</b>
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment <sup>1</sup>	C1-7	538,027	474,826	426,262
Investment property	C1-8	6,688	6,688	4,350
Right of use assets	C2-1	181	180	391
<b>Total non-current assets</b>		<b>544,896</b>	<b>481,694</b>	<b>431,003</b>
<b>Total assets</b>		<b>592,555</b>	<b>527,206</b>	<b>471,576</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	6,731	8,936	5,239
Contract liabilities	C3-2	4,273	4,873	3,024
Lease liabilities	C2-1	119	178	214
Borrowings	C3-3	824	683	871
Employee benefit provisions	C3-4	2,998	2,948	2,852
Other provisions	C3-5	940	584	578
<b>Total current liabilities</b>		<b>15,885</b>	<b>18,202</b>	<b>12,778</b>
<b>Non-current liabilities</b>				
Payables	C3-1	–	–	134
Lease liabilities	C2-1	62	9	187
Borrowings	C3-3	13,024	13,910	14,592
Employee benefit provisions	C3-4	121	116	119
Other provisions	C3-5	602	958	896
<b>Total non-current liabilities</b>		<b>13,809</b>	<b>14,993</b>	<b>15,928</b>
<b>Total liabilities</b>		<b>29,694</b>	<b>33,195</b>	<b>28,706</b>
<b>Net assets</b>		<b>562,861</b>	<b>494,011</b>	<b>442,870</b>
<b>EQUITY</b>				
Accumulated surplus		295,176	280,910	261,329
IPPE revaluation reserve <sup>1</sup>	C4-1	267,685	213,101	181,541
<b>Total equity</b>		<b>562,861</b>	<b>494,011</b>	<b>442,870</b>

(1) Refer to Note G4-1 for details regarding restatement of prior year.

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

## Yass Valley Council

### Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve Restated	Total equity Restated
<b>\$ '000</b>							
Opening balance at 1 July		280,910	213,101	494,011	261,329	185,015	446,344
Correction of prior period errors <sup>1</sup>	G4-1	–	–	–	–	(3,474)	(3,474)
<b>Restated opening balance</b>		<b>280,910</b>	<b>213,101</b>	<b>494,011</b>	<b>261,329</b>	<b>181,541</b>	<b>442,870</b>
Net operating result for the year		14,266	–	14,266	19,581	–	19,581
<b>Other comprehensive income</b>							
- Gain on IPPE revaluation	C1-7	–	54,584	54,584	–	31,560	31,560
<b>Total comprehensive income</b>		<b>14,266</b>	<b>54,584</b>	<b>68,850</b>	<b>19,581</b>	<b>31,560</b>	<b>51,141</b>
<b>Closing balance at 30 June</b>		<b>295,176</b>	<b>267,685</b>	<b>562,861</b>	<b>280,910</b>	<b>213,101</b>	<b>494,011</b>

(1) Refer to Note G4-1 for details regarding restatement of prior year.

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



# Yass Valley Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
18,977	Rates and annual charges		19,064	18,816
6,735	User charges and fees		6,951	5,820
193	Interest received		966	149
13,327	Grants and contributions		29,340	23,275
–	Bonds, deposits and retentions received		–	927
764	Other		1,417	4,472
<i>Payments:</i>				
(15,025)	Payments to employees		(12,362)	(12,348)
(12,484)	Payments for materials and services		(20,020)	(11,771)
(1,069)	Borrowing costs		(848)	(853)
–	Bonds, deposits and retentions refunded		(1,019)	–
(1,563)	Other		(1,949)	(38)
9,855	<b>Net cash flows from operating activities</b>	G1-1	<b>21,540</b>	<b>28,449</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
3,298	Redemption of term deposits		27,800	11,500
2,310	Proceeds from sale of IPPE	B4-1	253	242
<i>Payments:</i>				
–	Acquisition of term deposits		(31,700)	(8,500)
(23,316)	Payments for IPPE		(20,112)	(25,686)
(17,708)	<b>Net cash flows from investing activities</b>		<b>(23,759)</b>	<b>(22,444)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
11,000	Proceeds from borrowings	C3-3	8,277	–
<i>Payments:</i>				
(9,161)	Repayment of borrowings	C3-3	(9,022)	(870)
(201)	Principal component of lease payments	C2-1,C3-3	(178)	(214)
1,638	<b>Net cash flows from financing activities</b>		<b>(923)</b>	<b>(1,084)</b>
(6,215)	<b>Net change in cash and cash equivalents</b>		<b>(3,142)</b>	<b>4,921</b>
14,475	Cash and cash equivalents at beginning of year		14,475	9,554
8,260	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>11,333</b>	<b>14,475</b>
–	plus: Investments on hand at end of year	C1-2	25,100	21,200
8,260	<b>Total cash, cash equivalents and investments</b>		<b>36,433</b>	<b>35,675</b>

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

# Yass Valley 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 20 December 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the NSW Office of Local Government (OLG) directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying 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 Council and that are believed to be reasonable under the circumstances.

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

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

- i. fair values of investment property – refer Note C1-8
- ii. fair values of infrastructure, property, plant and equipment (IPPE) – refer Note C1-7
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

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

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 - B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease - refer to Note C2-1.

### **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 Council's Consolidated Fund unless it is required to be held in Council's Trust Fund.

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

- General purpose operations
- Water service
- Sewerage service

## A1-1 Basis of preparation (continued)

### The Trust Fund

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

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council receives volunteer services from the community advisory committees for a number of purposes, which unquestionably provide value to Council. However, the value of volunteer services has not been recognised within Council's financial statements. This is because the value of the services provided often cannot be reliably measured in order to meet the recognition requirements within Australian Accounting Standards. Where the volunteer services could be reliably measured, Council has assessed those services in accordance with the relevant Australian Accounting Standards and has determined that the services would not be purchased if they were not donated. As such, recognition in Council's financial statements is not required.

### 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.

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

#### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

#### **AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Council is to assess and does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

#### **AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback**

This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 from Contracts with Customers to be accounted for as a sale.

AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a

## A1-1 Basis of preparation (continued)

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seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.

Council does not expect any material impact from the above amendments due to there is no lease liability in a sale and leaseback business activity.

This standard has an effective date for the 30 June 2025 reporting period.

### ***AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]***

This Standard amends a number of standards as follows:

- AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Council is to assess and does not expect any impact on reported financial performance or position.

This standard has an effective date for the 30 June 2024 reporting period.

### **Comparative figures**

Certain comparative information in the financial statements and the accompanying notes have been restated as a result of correction of prior year errors for IPPE operational land carrying value to conform to current year's representation. Refer to Note G4-1 Correction of Errors for more information.

## B Financial Performance

### B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022 Restated
<b>\$ '000</b>										
<b>Functions/activities</b>										
Our Civic Leadership	16,373	14,497	6,895	5,086	9,478	9,411	2,846	2,636	44,802	40,427
Our Community	399	825	3,296	1,447	(2,897)	(622)	120	452	1,897	2,327
Our Economy	1,120	858	1,813	1,519	(693)	(661)	286	8	6,722	6,718
Our Environment	1,457	1,369	2,599	2,301	(1,142)	(932)	1,218	1,137	53,595	45,088
Our Infrastructure <sup>1</sup>	35,802	36,923	26,282	24,538	9,520	12,385	23,192	22,146	485,539	432,646
<b>Total <sup>1</sup></b>	<b>55,151</b>	<b>54,472</b>	<b>40,885</b>	<b>34,891</b>	<b>14,266</b>	<b>19,581</b>	<b>27,662</b>	<b>26,379</b>	<b>592,555</b>	<b>527,206</b>

(1) Refer to Note G4-1 for details regarding restatement of prior year.

## B1-2 Components of functions or activities

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

### **Our Civic Leadership (Systems of Government of Management)**

Our leaders operate ethically and implement good governance. We empower our residents with the tools to participate actively in the development of our communities. Civic leadership includes:

- Continuous Improvements
- Accountability and Compliance
- Participation and Communication
- Resourcing and Support

### **Our Infrastructure (Facilities, Transport and Systems serving the area)**

Our community is well serviced and connected to built, social and communications infrastructure. Providing infrastructure includes:

- Quality built environment and places
- Efficient Transport and access
- Effective essential services

### **Our Community (Life and Welfare in the community)**

We are a network of vibrant, inclusive and diverse communities that value our cooperative spirit, self sufficiency, and rural lifestyle. Working for our community includes:

- Community health and wellbeing
- Creative culture and recreation
- Good community relations
- Community resilience

### **Our Environment (Conditions and influences in the area and sustainability)**

We appreciate our range of rural landscapes and habitats, and act as custodians of the natural environment for future generations. Working for our environment includes:

- Protecting the land
- Maintaining healthy waterways
- Protecting Biodiversity

### **Our Economy (Generation, Distribution, Use of Income and Business development)**

We have a strong regional economy experiencing sustainable growth, which provides for a diverse range of employment opportunities. Providing for our economy includes:

- Efficient and careful resource use
- Healthy economic activity
- Meaningful work and employment



## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	7,088	6,335
Farmland	4,506	4,438
Business	886	845
Less: pensioner rebates (mandatory)	(136)	(134)
<b>Rates levied to ratepayers</b>	<b>12,344</b>	<b>11,484</b>
Pensioner rate subsidies received	72	71
<b>Total ordinary rates</b>	<b>12,416</b>	<b>11,555</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	1,862	1,805
Water supply services	1,959	1,890
Sewerage services	2,514	2,427
Drainage	60	59
Waste management services (non-domestic)	1,035	986
Less: pensioner rebates (mandatory)	(132)	(133)
<b>Annual charges levied</b>	<b>7,298</b>	<b>7,034</b>
Pensioner annual charges subsidies received:		
– Water	26	26
– Sewerage	21	21
– Domestic waste management	27	27
<b>Total annual charges</b>	<b>7,372</b>	<b>7,108</b>
<b>Total rates and annual charges</b>	<b>19,788</b>	<b>18,663</b>

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

#### Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period. (refer Note C3-1)

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

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

## B2-2 User charges and fees

\$ '000	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>		
Water supply services	2,104	2,103
Sewerage services	55	33
Waste management services (non-domestic)	730	810
<b>Total specific user charges</b>	<b>2,889</b>	<b>2,946</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>		
Planning and building regulation	671	–
Section 10.7 certificates (EP&A Act)	90	89
Section 603 certificates	30	40
Town planning and building - regulatory	–	706
<b>Total fees and charges – statutory/regulatory</b>	<b>791</b>	<b>835</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>		
Caravan park	623	394
Cemeteries	89	143
Companion animals	43	31
Emergency services reimbursements	267	347
Engineering Income	213	110
Health fees and charges	165	163
Library and art gallery	14	11
Transport for NSW works (state roads not controlled by Council)	284	667
Sporting grounds	25	26
Swimming centres	123	113
Visitors centre sales	84	73
Other	12	24
<b>Total fees and charges – other</b>	<b>1,942</b>	<b>2,102</b>
<b>Total other user charges and fees</b>	<b>2,733</b>	<b>2,937</b>
<b>Total user charges and fees</b>	<b>5,622</b>	<b>5,883</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	–	–
User charges and fees recognised at a point in time	5,622	5,883
<b>Total user charges and fees</b>	<b>5,622</b>	<b>5,883</b>

### Accounting policy

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

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

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

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

## B2-3 Other revenues

\$ '000	2023	2022
Diesel rebate	20	48
Fines	20	10
Insurance claims recoveries	5	–
Legal fees recovery – other	36	46
Recycling income (non-domestic)	217	376
Investment recovery income	125	–
Other	35	127
<b>Total other revenue</b>	<b>458</b>	<b>607</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	458	607
<b>Total other revenue</b>	<b>458</b>	<b>607</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Current year allocation</b>					
Financial assistance		986	1,792	-	-
<b>Payment in advance - future year allocation</b>					
Financial assistance		4,003	2,756	-	-
<b>Amount recognised as income during current year</b>		<b>4,989</b>	<b>4,548</b>	<b>-</b>	<b>-</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Heritage and cultural		34	20	-	-
Library – per capita		106	102	-	-
Noxious weeds		251	123	-	-
Emergency Services Levy		-	255	-	-
Road safety officer		17	56	-	-
Transport (roads to recovery)		857	684	-	-
Transport for NSW (regional roads, block grant)		377	800	1,524	1,629
Transport (other roads and bridges funding)		2,970	410	6,379	7,840
Other Roads and bridges		-	-	2,149	4,716
Water supplies		-	740	829	929
Other specific grants		377	162	-	-
Training incentives		-	29	-	-
Recreation and culture		-	-	2,381	246
Stormwater		-	-	-	105
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>4,989</b>	<b>3,381</b>	<b>13,262</b>	<b>15,465</b>
<b>Non-cash contributions</b>					
Drainage		-	-	-	346
Roads and bridges		-	-	69	1,574
Water supplies (excl. section 64 contributions)		-	-	3	-
<b>Total other contributions – non-cash</b>	G1-1	<b>-</b>	<b>-</b>	<b>72</b>	<b>1,920</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>4,989</b>	<b>3,381</b>	<b>13,334</b>	<b>17,385</b>
<b>Total grants and non-developer contributions</b>		<b>9,978</b>	<b>7,929</b>	<b>13,334</b>	<b>17,385</b>
<b>Comprising:</b>					
– Commonwealth funding		5,846	5,422	1,944	2,013
– State funding		4,132	2,507	11,318	13,452
– Other funding		-	-	72	1,920
		<b>9,978</b>	<b>7,929</b>	<b>13,334</b>	<b>17,385</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements		–	–	840	772
S 7.12 – fixed development consent levies		–	–	52	175
S 64 – water supply contributions		–	–	2,233	89
S 64 – sewerage service contributions		–	–	1,225	29
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>4,350</b>	<b>1,065</b>
<b>Total developer contributions</b>	G5-1	<b>–</b>	<b>–</b>	<b>4,350</b>	<b>1,065</b>
<b>Total grants and contributions</b>	B1-1	<b>9,978</b>	<b>7,929</b>	<b>17,684</b>	<b>18,450</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		–	1,950	13,262	16,179
Grants and contributions recognised at a point in time		9,978	5,979	4,422	2,271
<b>Total grants and contributions</b>		<b>9,978</b>	<b>7,929</b>	<b>17,684</b>	<b>18,450</b>

### 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	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants</b>					
Unspent funds at 1 July	C3-2	151	211	4,722	4,986
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions		520	–	–	–
<b>Add:</b> Grants received and not recognised as revenue in the current year		2,314	135	4,593	4,510
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year		(822)	(195)	(6,685)	(4,774)
<b>Unspent funds at 30 June</b>	C1-3a, C3-2	<b>2,163</b>	<b>151</b>	<b>2,630</b>	<b>4,722</b>
<b>Unspent contributions</b>					
Unspent funds at 1 July		–	–	10,722	10,190
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions		–	–	4,690	1,114
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year		–	–	(858)	(582)
<b>Unspent contributions at 30 June</b>	C1-3a	<b>–</b>	<b>–</b>	<b>14,554</b>	<b>10,722</b>

## B2-4 Grants and contributions (continued)

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### 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 the successful completion of milestone progress for the projects being funded. 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	Notes	2023	2022
<b>Interest on financial assets measured at amortised cost</b>			
– Overdue rates and annual charges (incl. special purpose rates)		94	83
– Cash and investments		1,126	118
<b>Total interest and investment income</b>		<b>1,220</b>	<b>201</b>
<b>Interest and investment income is attributable to:</b>			
<b>Unrestricted investments/financial assets:</b>			
Overdue rates and annual charges (general fund)		94	83
General cash and investments		432	60
<b>Restricted investments/funds – external:</b>			
Development contributions			
– Section 7.11	G5-1	210	46
– Section 64	G5-1	130	3
Water fund operations		118	3
Sewerage fund operations		133	4
Domestic waste management operations		95	2
Stormwater management		8	–
<b>Total interest and investment income</b>		<b>1,220</b>	<b>201</b>

### 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
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties	G1-1	–	2,338
<b>Total fair value increment on investment properties</b>	C1-8	<b>–</b>	<b>2,338</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		75	58
<b>Total Investment properties</b>	C2-2	<b>75</b>	<b>58</b>
<b>Other lease income</b>			
Leaseback fees - council vehicles		189	162
Other		137	181
<b>Total other lease income</b>	C2-2	<b>326</b>	<b>343</b>
<b>Total rental income</b>		<b>401</b>	<b>401</b>
<b>Total other income</b>		<b>401</b>	<b>2,739</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	10,620	9,752
Employee leave entitlements	1,041	1,434
Superannuation	1,084	1,106
Workers' compensation insurance	553	256
Fringe benefit tax	15	48
<b>Total employee costs</b>	<b>13,313</b>	<b>12,596</b>
Less: capitalised costs	(463)	(148)
<b>Total employee costs expensed</b>	<b>12,850</b>	<b>12,448</b>

#### Accounting policy

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

#### *Retirement benefit obligations*

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

#### *Superannuation plans*

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

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



## B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		1,445	1,210
Consultancy costs		198	200
Contractor costs		7,496	3,824
Audit Fees	F2-1	147	61
Councillor and Mayoral fees and associated expenses	F1-2	157	149
Advertising		38	53
Bank charges		89	87
Cleaning		190	126
Computer related charges		678	613
Repairs and maintenance		177	316
Electricity and heating		684	532
Fire control expenses		303	367
Insurance		387	342
Street lighting		110	79
Subscriptions and publications		287	181
Telephone and communications		94	127
Valuation fees		66	62
Property rental and equipment hire	C2-1	32	4
Chemicals		322	226
Heritage expenses		27	28
Licencing		65	70
Postage, printing and stationery		105	90
Promotions and celebrations		72	26
Training costs (other than salaries and wages)		195	105
Uniform		66	49
Vehicle and plant operation expenses		1,277	1,027
Other expenses		81	51
<b>Legal expenses:</b>			
– Legal expenses: planning and development		55	81
– Legal expenses: debt recovery		19	24
– Legal expenses: other		32	11
<b>Total materials and services</b>		<b>14,894</b>	<b>10,121</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	Notes	2023	2022
Interest on loans		691	838
Interest on leases	C2-1d	2	7
<b>Total borrowing costs expensed</b>		<b>693</b>	<b>845</b>

### Accounting policy

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

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

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		991	845
<b>Infrastructure:</b>	C1-7		
– Buildings		959	858
– Other structures		16	18
– Roads		3,397	3,143
– Bridges		465	513
– Footpaths		123	103
– Stormwater drainage		204	194
– Water supply network		1,477	1,021
– Sewerage network		785	659
– Swimming pools		52	50
– Other open space/recreational assets		387	307
<b>Reinstatement, rehabilitation and restoration assets:</b>	C1-7		
– Tip assets		19	19
– Quarry assets		2	2
Other Assets – Waste	C1-7	93	74
Right of use assets	C2-1a	171	211
<b>Total depreciation, amortisation and impairment for non-financial assets</b>	G1-1	<b>9,141</b>	<b>8,017</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C2-1 for right of use assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

#### Impairment of non-financial assets

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

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

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

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

## B3-5 Other expenses

\$ '000	Notes	2023	2022
<b>Impairment of receivables</b>			
User charges and fees	G1-1	55	23
<b>Total impairment of receivables</b>	C1-4	<b>55</b>	<b>23</b>
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		825	615
– Other contributions/levies		16	12
Donations, contributions and assistance to other organisations (Section 356)		67	256
Landfill remediation and restoration provision	G1-1	–	102
<b>Total other expenses</b>		<b>963</b>	<b>1,008</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off	C1-7	(750)	–
<b>Gain (or loss) on disposal</b>		<b>(750)</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
Proceeds from disposal – plant and equipment		253	242
Less: carrying amount of plant and equipment assets sold/written off	C1-7	(123)	(184)
<b>Gain (or loss) on disposal</b>		<b>130</b>	<b>58</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off	C1-7	(1,724)	(2,510)
<b>Gain (or loss) on disposal</b>		<b>(1,724)</b>	<b>(2,510)</b>
<b>Net gain (or loss) from disposal of assets</b>	G1-1	<b>(2,344)</b>	<b>(2,452)</b>

### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 23 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the *Local Government Act (1993)* requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	19,275	19,788	513	3% <b>F</b>
No material budget variations for the year.				
<b>User charges and fees</b>	6,071	5,622	(449)	(7)% <b>U</b>
User charges and fees reduction by 7% as compared with the original budget is mainly attributable to the lower level consumption of the water supply services by \$666k, and the improvement of caravan park services income by \$249k for the year.				
<b>Other revenues</b>	300	458	158	53% <b>F</b>
Other revenues increase of 53% as compared with the original budget is mainly attributable to a \$126k final recovery of Lehman Brothers CDOs invested before 2008.				
<b>Operating grants and contributions</b>	5,092	9,978	4,886	96% <b>F</b>
Operating grants and contributions increase of 96% or \$4,886k as compared with the original budget is mainly due to Council receiving additional \$1,801k of financial assistance grant (FAG), almost as a 100% payment in advance for future year allocation. Council also received additional \$2,970k operating grants for the roads and bridges maintenance caused by the natural disaster events in the year, and \$146k of crown reserve improvement grant in the year.				
<b>Capital grants and contributions</b>	11,578	17,684	6,106	53% <b>F</b>
Capital grants and contributions increase of 53% or \$6,106k as compared with the original budget is mainly attributable to Council receiving the developer contributions of \$3,870k over estimate, and the increase of \$2,366k in the capital grants for the specific roads and bridges infrastructure renewal works due to the heavy rains and floodings in the year.				
<b>Interest and investment revenue</b>	139	1,220	1,081	778% <b>F</b>
The significant increase in interest and investment revenue over the original budget is mainly attributable to the Reserve Bank of Australia lifting the cash rate from 0.1% in the perious year to 4.1% during this year.				
<b>Other income</b>	507	401	(106)	(21)% <b>U</b>
The decrease in other income by 21% as compared with the original budget is mainly attributable to no revaluation increment of the investment property as at the reporting date.				
<b>Net gains from disposal of assets</b>	1,896	-	(1,896)	(100)% <b>U</b>
Council's original budget for the net gains from disposal of assets was based on the expected sale proceeds of plant and equipment. Refer net loss from disposal of assets below for more information.				

## B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	15,085	12,850	2,235	15% <b>F</b>
Employee benefits and on-costs reduction by 15% as compared with the original budget is mainly attributable to the salaries from a high level of staff vacancy of \$1,669k and the capitalised salaries by \$463k for the year.				
<b>Materials and services</b>	11,133	14,894	(3,761)	(34)% <b>U</b>
Materials and services is above the original budget by 34% mainly attributable to the increase in plant and vehicle operation costs by \$555k, and the increase in contractor costs by \$3,110k for the infrastructure maintenance and services caused by the higher than anticipated storm and flooding natural occurrences in the year, and the additional engagement of contractors to assist with staff vacancies.				
<b>Borrowing costs</b>	1,097	693	404	37% <b>F</b>
Borrowing costs reduced by 37% as compared with the original budget mainly attributable to a \$260k for landfill remediation provision included in the budget.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	5,997	9,141	(3,144)	(52)% <b>U</b>
Depreciation expenses increased by \$3,144k as compared with the original budget is mainly attributable to the significant increase in the IPPE additions plus the fair value revaluation and indexation in the last two financial years.				
<b>Other expenses</b>	880	963	(83)	(9)% <b>U</b>
Other expenses increased by 9% as compared with the original budget mainly attributable to the increase in Emergency Services Levy by \$45k and the provision for the user charges and fees impairment by \$55k for the year.				
<b>Net losses from disposal of assets</b>	-	2,344	(2,344)	∞ <b>U</b>
Council did not estimate the net loss from the disposal of IPPE assets as part of the annual budget, instead estimates were based on the expected sales proceeds. Refer net gains from disposal of assets above.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	9,855	21,540	11,685	119% <b>F</b>
Cash flows from operating activities increased by \$11,685k as compared with the original budget mainly attributable to the increase in the grants and contributions for the year, together with the budget variations of income and expenses from continuing operations identified above.				
<b>Cash flows from investing activities</b>	(17,708)	(23,759)	(6,051)	34% <b>U</b>
Cash flows from investing activities decreased by \$6,051k mainly attributable to the placement of \$3,900k term deposits at the reporting date and a \$2,057k from sale proceeds of IPPE less than the original estimates.				
<b>Cash flows from financing activities</b>	1,638	(923)	(2,561)	(156)% <b>U</b>
Cash flows from financing activities reduced by \$2,561k as compared with the original budget mainly due to the refinance of a water damwall borrowings, with lower level of annuity over the loan repayment terms.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	3,307	7,642
Cash equivalent assets		
– Managed funds	5,016	4,833
– Short-term deposits	3,010	2,000
<b>Total cash and cash equivalents</b>	<b>11,333</b>	<b>14,475</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	11,333	14,475
<b>Balance as per the Statement of Cash Flows</b>	<b>11,333</b>	<b>14,475</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2023 Current	2022 Current
<b>Debt securities at amortised cost</b>		
Term deposits	25,100	21,200
<b>Total financial investments</b>	<b>25,100</b>	<b>21,200</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>36,433</b>	<b>35,675</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

## C1-2 Financial investments (continued)

### 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.

Council does not have any investments in financial assets classified as FVOCI or FVTPL at the reporting date.

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

\$ '000	Notes	2023	2022
<b>(a) Externally restricted cash, cash equivalents and investments</b>			
<b>Total cash, cash equivalents and investments</b>		<b>36,433</b>	35,675
Less: Externally restricted cash, cash equivalents and investments		<u>(29,987)</u>	<u>(26,798)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>		<b>6,446</b>	8,877
<b>External restrictions</b>			
<b>External restrictions – included in liabilities</b>			
External restrictions included in cash, cash equivalents and investments above comprise:			
Specific purpose unexpended grants – general fund	B2-4c	4,273	4,866
Specific purpose unexpended grants – water fund		<u>–</u>	<u>7</u>
<b>External restrictions – included in liabilities</b>	C3-2	<b>4,273</b>	4,873
<b>External restrictions – other</b>			
External restrictions included in cash, cash equivalents and investments above comprise:			
S7.11 Developer contributions – general	G5-1	6,901	6,656
S64 Developer contributions – water fund	D1-2,G5-1	5,369	3,040
S64 Developer contributions – sewer fund	D1-2,G5-1	2,284	1,026
Water fund	D1-2	2,884	3,738
Sewer fund	D1-2	4,682	4,222
Domestic waste management		2,948	2,993
Stormwater management		126	250
Specific purpose unexpended grants (recognised as revenue)	B2-4c	520	–
<b>External restrictions – other</b>		<b>25,714</b>	21,925
<b>Total external restrictions</b>		<b>29,987</b>	26,798

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

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

### (b) Internal allocations

#### Cash, cash equivalents and investments not subject to external restrictions

	<b>6,446</b>	<b>8,877</b>
Less: Internally allocated cash, cash equivalents and investments	<b>(6,357)</b>	<b>(8,850)</b>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>89</b>	<b>27</b>

#### Internal allocations

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

Plant and vehicle replacement	<b>1,186</b>	1,906
Employees leave entitlement	<b>895</b>	919
Carry over works	<b>196</b>	691
Binalong pool	<b>22</b>	22
Comur street rehabilitation	<b>20</b>	20
Land and assets	<b>1,452</b>	1,453
Council elections	<b>135</b>	135
Murrumbateman Library School Ground	<b>123</b>	123
Quarry rehabilitation	<b>106</b>	106
Roads	<b>–</b>	44
Victoria park	<b>324</b>	578
Electricity Savings Reserve	<b>97</b>	97
Financial Assistance Grant	<b>1,801</b>	2,756
<b>Total internal allocations</b>	<b>6,357</b>	<b>8,850</b>

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

### (c) Unrestricted and unallocated

<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>89</b>	<b>27</b>
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## C1-4 Receivables

\$ '000	Notes	2023 Current	2022 Current
Rates and annual charges	E1-1	1,877	1,149
Interest and extra charges		72	–
User charges and fees		1,868	2,844
Accrued revenues			
– Interest on investments		267	85
– Government grants and subsidies		1,427	–
– Other income accruals		–	1
Net GST receivable		2,460	563
<b>Total</b>	E1-1	<b>7,971</b>	<b>4,642</b>
<b>Less: provision for impairment</b>			
Rates and annual charges		–	(34)
User charges and fees	E1-1	(112)	(23)
<b>Total provision for impairment – receivables</b>		<b>(112)</b>	<b>(57)</b>
<b>Total net receivables</b>		<b>7,859</b>	<b>4,585</b>

### Accounting policy

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

### Impairment

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

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

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

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

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

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

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

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

## C1-5 Inventories

\$ '000	2023 Current	2022 Current
<b>(i) Inventories at cost</b>		
Stores and materials	86	111
Trading stock	33	30
<b>Total inventories</b>	<b>119</b>	<b>141</b>

### Accounting policy

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

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

## C1-6 Contract assets

\$ '000	Notes	2023 Current	2022 Current
Contract assets	E1-1	2,604	4,889
<b>Total contract assets</b>		<b>2,604</b>	<b>4,889</b>

### Accounting policy

#### Contract assets

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

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

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

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments / decrements	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	13,086	–	13,086	<b>6,868</b>	–	–	–	(8,649)	(742)	(962)	9,601	–	9,601
Plant and equipment	7,078	(2,502)	4,576	–	973	(123)	(991)	–	–	–	7,691	(3,256)	4,435
<b>Land:</b>													
– Operational land <sup>2</sup>	18,652	–	18,652	–	1,149	(173)	–	–	–	10,102	29,730	–	29,730
– Community land	18,769	–	18,769	–	–	–	–	–	–	7,676	26,445	–	26,445
– Land under roads (pre 1/7/08)	4,333	–	4,333	–	–	–	–	–	–	–	4,333	–	4,333
– Land under roads (post 30/6/08)	2,932	–	2,932	–	4	–	–	–	–	297	3,233	–	3,233
<b>Infrastructure:</b>													
– Buildings	43,111	(27,032)	16,079	396	–	(577)	(960)	49	–	14,262	49,887	(20,638)	29,249
– Roads	233,251	(63,979)	169,272	5,063	33	(1,546)	(3,396)	3,096	–	8,799	251,034	(69,713)	181,321
– Bridges	41,206	(22,633)	18,573	2,433	386	(93)	(466)	200	–	1,073	46,282	(24,176)	22,106
– Footpaths	7,427	(1,540)	5,887	203	–	–	(122)	2,275	–	420	10,411	(1,748)	8,663
– Bulk earthworks (non-depreciable)	83,069	–	83,069	120	32	(70)	–	999	–	4,292	88,442	–	88,442
– Other structures	1,376	(980)	396	67	97	–	(17)	73	–	31	1,694	(1,047)	647
– Stormwater drainage	20,396	(5,243)	15,153	–	–	–	(205)	299	–	778	21,750	(5,725)	16,025
– Water supply network	97,841	(36,060)	61,781	982	3	(15)	(1,477)	1,594	–	4,847	107,872	(40,157)	67,715
– Sewerage network	48,089	(18,297)	29,792	602	–	–	(785)	39	–	2,286	52,487	(20,553)	31,934
– Swimming pools	3,375	(1,450)	1,925	–	–	–	(52)	–	–	95	3,547	(1,579)	1,968
– Other open space/recreational assets	12,050	(3,341)	8,709	1,515	–	–	(385)	25	–	503	14,284	(3,917)	10,367
<b>Other assets:</b>													
– Waste	2,533	(773)	1,760	–	–	–	(92)	–	–	85	2,663	(910)	1,753
<b>Reinstatement, rehabilitation and restoration assets:</b>													
– Tip assets	1,236	(1,159)	77	–	–	–	(19)	–	–	–	1,236	(1,178)	58
– Quarry assets	102	(97)	5	–	–	–	(3)	–	–	–	102	(100)	2
<b>Total infrastructure, property, plant and equipment <sup>2</sup></b>	<b>659,912</b>	<b>(185,086)</b>	<b>474,826</b>	<b>18,249</b>	<b>2,677</b>	<b>(2,597)</b>	<b>(8,970)</b>	<b>–</b>	<b>(742)</b>	<b>54,584</b>	<b>732,724</b>	<b>(194,697)</b>	<b>538,027</b>

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

(2) Refer to Note G4-1 for details regarding restatement of prior year.

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated
<b>\$ '000</b>												
Capital work in progress	9,419	–	9,419	3,667	–	–	–	–	–	13,086	–	13,086
Plant and equipment	5,643	(1,812)	3,831	1,774	–	(184)	(845)	–	–	7,078	(2,502)	4,576
<b>Land:</b>												
– Operational land <sup>2</sup>	11,633	–	11,633	–	193	–	–	–	6,826	18,652	–	18,652
– Community land	18,769	–	18,769	–	–	–	–	–	–	18,769	–	18,769
– Land under roads (pre 1/7/08)	4,333	–	4,333	–	–	–	–	–	–	4,333	–	4,333
– Land under roads (post 30/6/08)	2,915	–	2,915	–	17	–	–	–	–	2,932	–	2,932
<b>Infrastructure:</b>												
– Buildings	–	–	–	1,031	–	(4)	(858)	14,470	1,440	43,111	(27,032)	16,079
– Buildings – non-specialised	5,715	(2,657)	3,058	–	–	–	–	(3,058)	–	–	–	–
– Buildings – specialised	32,573	(21,161)	11,412	–	–	–	–	(11,412)	–	–	–	–
– Other structures	1,118	(782)	336	–	–	–	(18)	–	78	1,376	(980)	396
– Roads	211,782	(60,029)	151,753	14,986	1,054	(2,435)	(3,143)	–	7,057	233,251	(63,979)	169,272
– Bridges	39,375	(21,137)	18,238	–	–	–	(513)	–	848	41,206	(22,633)	18,573
– Footpaths	6,257	(1,374)	4,883	692	188	–	(103)	–	227	7,427	(1,540)	5,887
– Bulk earthworks (non-depreciable)	78,289	–	78,289	826	314	–	–	–	3,640	83,069	–	83,069
– Stormwater drainage	19,158	(4,825)	14,333	–	347	–	(194)	–	667	20,396	(5,243)	15,153
– Water supply network	85,411	(29,199)	56,212	351	–	(59)	(1,021)	–	6,298	97,841	(36,060)	61,781
– Sewerage network	48,706	(22,469)	26,237	1,824	–	(12)	(659)	–	2,402	48,089	(18,297)	29,792
– Swimming pools	3,207	(1,338)	1,869	20	–	–	(50)	–	86	3,375	(1,450)	1,925
– Other open space/recreational assets	9,660	(2,465)	7,195	163	–	–	(307)	–	1,658	12,050	(3,341)	8,709
<b>Other assets:</b>												
– Waste	2,012	(568)	1,444	57	–	–	(74)	–	333	2,533	(773)	1,760
<b>Reinstatement, rehabilitation and restoration assets:</b>												
– Tip assets	1,236	(1,140)	96	–	–	–	(19)	–	–	1,236	(1,159)	77
– Quarry assets	102	(95)	7	–	–	–	(2)	–	–	102	(97)	5
<b>Total infrastructure, property, plant and equipment <sup>2</sup></b>	<b>597,313</b>	<b>(171,051)</b>	<b>426,262</b>	<b>25,391</b>	<b>2,113</b>	<b>(2,694)</b>	<b>(7,806)</b>	<b>–</b>	<b>31,560</b>	<b>659,912</b>	<b>(185,086)</b>	<b>474,826</b>

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

(2) Refer to Note G4-1 for details regarding restatement of prior year.

## 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:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 35
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	<b>Years</b>
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>	<b>Years</b>	<b>Stormwater assets</b>	<b>Years</b>
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>	<b>Years</b>	<b>Other infrastructure assets</b>	<b>Years</b>
Sealed roads: surface	20	Bulk earthworks	infinite
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Other open space/recreational assets	35
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	40		

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

#### Revaluation model

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

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

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

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

### Land under roads

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

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

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

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of Council. While ownership of the reserves remains with 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.

## C1-8 Investment properties

\$ '000	Notes	2023	2022
<b>Owned investment property</b>			
Investment property on hand at fair value	E2-1	6,688	6,688
<b>Total owned investment property</b>		<b>6,688</b>	<b>6,688</b>
<b>Owned investment property</b>			
<b>At fair value</b>			
Opening balance at 1 July		6,688	4,350
Net gain/(loss) from fair value adjustments	B2-6	-	2,338
<b>Closing balance at 30 June</b>		<b>6,688</b>	<b>6,688</b>

### Accounting policy

Investment property, principally comprising of a property and farm land in Murrumbateman, is held for long-term rental yields and is not occupied by Council. Changes in fair values are recorded in the Income Statement as part of other income.

## C1-9 Other

### Other assets

\$ '000	2023 Current	2022 Current
Prepayments	644	222
<b>Total other assets</b>	<b>644</b>	<b>222</b>

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Terms and conditions of leases

##### Plant and Equipment

Council leases plant and equipment with lease terms varying from 3 to 8 years; the lease payments are fixed during the lease term and there is generally no renewal option.

##### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 2 and 3 years with no renewal option, the payments are fixed.

##### Extension options

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

#### (a) Right of use assets

\$ '000	Notes	Plant & Equipment	Total
<b>2023</b>			
Opening balance at 1 July		180	180
Additions to right-of-use assets	C3-3a	172	172
Depreciation charge	B3-4	(171)	(171)
<b>Balance at 30 June</b>	C3-3a	<b>181</b>	<b>181</b>
<b>2022</b>			
Opening balance at 1 July		391	391
Depreciation charge	B3-4	(211)	(211)
<b>Balance at 30 June</b>	C3-3a	<b>180</b>	<b>180</b>

#### (b) Lease liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities		119	62	178	9
<b>Total lease liabilities</b>	C3-3a	<b>119</b>	<b>62</b>	<b>178</b>	<b>9</b>

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

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2023</b>					
Cash flows	119	62	–	181	181
<b>2022</b>					
Cash flows	178	9	–	187	187

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

### (d) Income Statement

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

\$ '000	Notes	2023	2022
Interest on lease liabilities	B3-3	2	7
Depreciation of right of use assets	B3-4	171	211
Expenses relating to short-term leases	B3-2	32	–
		<b>205</b>	<b>218</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	C3-3a	178	214
		<b>178</b>	<b>214</b>

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

Council has a lease at significantly below market for land and buildings which is used for:

- Community Centre

The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide. These services are detailed in the lease.

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

#### Accounting policy

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

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

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

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

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then 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 and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property: where the asset is held predominantly for rental or capital growth purposes (refer Note C1-8)
- property, plant and equipment: where the rental is incidental, or the asset is held to meet Council's service delivery objective (refer Note C1-7).

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

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

#### (i) Assets held as investment property

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)	B2-6	75	58
<b>Total income relating to operating leases for investment property assets</b>		<b>75</b>	<b>58</b>
<b>Operating lease expenses</b>			
Direct operating expenses that generated rental income		5	10
<b>Total expenses relating to operating leases</b>		<b>5</b>	<b>10</b>

#### (ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)

	B2-6	326	343
<b>Total income relating to operating leases for Council assets</b>		<b>326</b>	<b>343</b>
<b>Other leased assets expenses</b>			
Other		42	30
<b>Total expenses relating to other leases assets</b>		<b>42</b>	<b>30</b>

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

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

< 1 year	104	27
1–2 years	96	27
2–3 years	99	17
3–4 years	25	17
4–5 years	11	17
> 5 years	–	5
<b>Total undiscounted lease payments to be received</b>	<b>335</b>	<b>110</b>

### Accounting policy

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

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

## C2-2 Council as a lessor (continued)

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

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	Notes	2023 Current	2022 Current
Goods and services – operating expenditure		3,192	4,206
Accrued expenses:			
– Salaries and wages		492	4
– Borrowing costs		78	233
– Other expenditure accruals		1,088	1,631
Security bonds, deposits and retentions		1,254	2,273
Prepaid rates and water charges		627	589
<b>Total payables</b>	E1-1c	<b>6,731</b>	<b>8,936</b>

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Security bonds, deposits and retentions	1,003	1,818
<b>Total payables</b>	<b>1,003</b>	<b>1,818</b>

#### Accounting policy

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

#### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2022 Current
<b>Grants and contributions received in advance:</b>			
Unexpended capital grants (to construct Council controlled assets)	(i)	4,273	4,722
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	-	151
<b>Total grants received in advance</b>	B2-4c	<b>4,273</b>	<b>4,873</b>
<b>Total contract liabilities</b>	C1-3a	<b>4,273</b>	<b>4,873</b>

### Notes

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

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

(iii) User fees and charges received in advance do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

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

\$ '000	Notes	2023	2022
<b>Grants and contributions received in advance:</b>			
Capital grants (to construct Council controlled assets)		4,722	4,774
Operating grants (received prior to performance obligation being satisfied)		151	195
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	B2-4c	<b>4,873</b>	<b>4,969</b>

### Accounting policy

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

## C3-3 Borrowings

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured <sup>1</sup>		824	13,024	683	13,910
<b>Total borrowings</b>	E1-1c	<b>824</b>	<b>13,024</b>	<b>683</b>	<b>13,910</b>

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

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

Loan funds were used to undertake Water and Sewer upgrade works.

TCorp loans financial covenants - cash expense ratio, debt service cover ratio and interest cover ratio.

## C3-3 Borrowings (continued)

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

\$ '000	Notes	2022		Non-cash movements			2023	
		Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy		Other non-cash movement
Loans – secured		14,593	(9,022)	8,277	–	–	–	13,848
Lease liability	C2-1b	187	(178)	–	–	–	172	181
<b>Total liabilities from financing activities</b>		<b>14,780</b>	<b>(9,200)</b>	<b>8,277</b>	<b>–</b>	<b>–</b>	<b>172</b>	<b>14,029</b>

\$ '000		2021		Non-cash movements			2022	
		Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy		Other non-cash movement
Loans – secured		15,463	(870)	–	–	–	–	14,593
Lease liability (Note C2-1b)		401	(214)	–	–	–	–	187
<b>Total liabilities from financing activities</b>		<b>15,864</b>	<b>(1,084)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>14,780</b>

### (b) Financing arrangements

\$ '000	2023	2022
<b>Total facilities</b>		
Credit cards/purchase cards	91	55
<b>Total financing arrangements</b>	<b>91</b>	<b>55</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	20	20
<b>Total drawn financing arrangements</b>	<b>20</b>	<b>20</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	51	15
<b>Total undrawn financing arrangements</b>	<b>51</b>	<b>15</b>

### Additional financing arrangements information

#### Breaches and defaults

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

#### Security over loans

Loans are secured over future cash flows and leased liabilities are secured by the underlying leased assets.

#### 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		2022	
	Current	Non-current	Current	Non-current
Annual leave	1,072	–	1,375	–
Long service leave	1,567	110	1,546	116
ELE on-costs	316	11	–	–
Other leave (RDOs/VDOs and TILs)	43	–	27	–
<b>Total employee benefit provisions</b>	<b>2,998</b>	<b>121</b>	<b>2,948</b>	<b>116</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,495	2,451
	<b>2,495</b>	<b>2,451</b>

#### Accounting policy

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

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

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

These amounts include superannuation 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 Other Provisions

\$ '000	2023		2022	
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	940	602	584	958
<b>Total provisions</b>	<b>940</b>	<b>602</b>	<b>584</b>	<b>958</b>

## C3-5 Other Provisions (continued)

### Description of and movements in provisions

\$ '000	Asset remediation	Total
<b>2023</b>		
At beginning of year	1,542	1,542
Total other provisions at end of year	1,542	1,542
<b>2022</b>		
At beginning of year	1,474	1,474
Remeasurement effects	68	68
Total other provisions at end of year	1,542	1,542

### 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 council tips and quarries as a result of past operations. The discount rate used is the RBA Indicative Mid Rates of Selected Commonwealth Government Securities.

#### Accounting policy

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

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

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

#### Asset remediation – tips and quarries

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

#### IPPE Revaluation reserve

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>Income from continuing operations</b>			
Rates and annual charges	15,354	1,938	2,496
User charges and fees	3,325	2,240	57
Other revenues	446	12	–
Grants and contributions provided for operating purposes	9,978	–	–
Grants and contributions provided for capital purposes	13,394	3,065	1,225
Interest and investment income	840	214	166
Other income	401	–	–
<b>Total income from continuing operations</b>	<b>43,738</b>	<b>7,469</b>	<b>3,944</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	11,455	1,189	206
Materials and services	13,117	1,056	721
Borrowing costs	2	516	175
Depreciation, amortisation and impairment of non-financial assets	6,879	1,477	785
Other expenses	963	–	–
Net losses from the disposal of assets	2,329	15	–
<b>Total expenses from continuing operations</b>	<b>34,745</b>	<b>4,253</b>	<b>1,887</b>
<b>Net operating result for the year</b>	<b>8,993</b>	<b>3,216</b>	<b>2,057</b>
<b>Net operating result attributable to each council fund</b>	<b>8,993</b>	<b>3,216</b>	<b>2,057</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(4,401)</b>	<b>151</b>	<b>832</b>

## D1-2 Statement of Financial Position by fund

\$ '000	Notes	General 2023	Water 2023	Sewer 2023
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-3a	3,767	2,884	4,682
Investments	C1-3a	17,447	5,369	2,284
Receivables		6,851	971	37
Inventories		119	–	–
Contract assets and contract cost assets		2,565	39	–
Other		644	–	–
<b>Total current assets</b>		<b>31,393</b>	<b>9,263</b>	<b>7,003</b>
<b>Non-current assets</b>				
Infrastructure, property, plant and equipment		430,108	72,854	35,065
Investment property		6,688	–	–
Right of use assets		181	–	–
<b>Total non-current assets</b>		<b>436,977</b>	<b>72,854</b>	<b>35,065</b>
<b>Total assets</b>		<b>468,370</b>	<b>82,117</b>	<b>42,068</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables		6,502	193	36
Contract liabilities		4,273	–	–
Lease liabilities		119	–	–
Borrowings		–	582	242
Employee benefit provision		2,651	224	123
Provisions		940	–	–
<b>Total current liabilities</b>		<b>14,485</b>	<b>999</b>	<b>401</b>
<b>Non-current liabilities</b>				
Lease liabilities		62	–	–
Borrowings		–	9,615	3,409
Employee benefit provision		121	–	–
Provisions		602	–	–
<b>Total non-current liabilities</b>		<b>785</b>	<b>9,615</b>	<b>3,409</b>
<b>Total liabilities</b>		<b>15,270</b>	<b>10,614</b>	<b>3,810</b>
<b>Net assets</b>		<b>453,100</b>	<b>71,503</b>	<b>38,258</b>
<b>EQUITY</b>				
Accumulated surplus		226,158	44,552	24,466
Revaluation reserves		226,942	26,951	13,792
<b>Total equity</b>		<b>453,100</b>	<b>71,503</b>	<b>38,258</b>



## E Risks and accounting uncertainties

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

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

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

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

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

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

The risks associated with the financial instruments held are:

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

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

\$ '000	Notes	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	C1-2	364	357
Impact of a 10% movement in price of investments			
– Equity / Income Statement	C1-2	2,511	2,120

#### (b) Credit risk

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

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

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

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

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

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

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

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Notes	Not yet overdue rates and annual charges			Total
		overdue	< 5 years	≥ 5 years	
<b>2023</b>					
Gross carrying amount	C1-4	–	1,869	8	1,877
<b>2022</b>					
Gross carrying amount	C1-4	(4)	1,105	48	1,149

#### 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	Notes	Not yet overdue	Overdue debts				Total
			0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>							
Gross carrying amount	C1-4,C1-6	7,919	183	29	343	224	8,698
Expected loss rate (%)		0.00%	0.00%	0.00%	15.74%	25.89%	1.29%
ECL provision	C1-4	–	–	–	54	58	112
<b>2022</b>							
Gross carrying amount	C1-4,C1-6	7,809	74	22	204	273	8,382
Expected loss rate (%)		0.00%	0.00%	0.00%	16.70%	8.40%	0.68%
ECL provision	C1-4	–	–	–	34	23	57

### (c) Liquidity risk

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

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

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

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

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

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

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

\$ '000	Notes	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
				≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2023</b>								
Payables	C3-1	0.00%	1,254	3,976	–	–	5,230	6,731
Borrowings	C3-3	4.98%	–	1,465	7,334	9,702	18,501	13,848
<b>Total financial liabilities</b>			<b>1,254</b>	<b>5,441</b>	<b>7,334</b>	<b>9,702</b>	<b>23,731</b>	<b>20,579</b>
<b>2022</b>								
Payables	C3-1	0.00%	2,273	6,226	–	–	8,499	8,936
Borrowings	C3-3	5.52%	–	810	4,525	9,258	14,593	14,593
<b>Total financial liabilities</b>			<b>2,273</b>	<b>7,036</b>	<b>4,525</b>	<b>9,258</b>	<b>23,092</b>	<b>23,529</b>

## E2-1 Fair value measurement

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

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

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
					Restated		Restated
<b>Recurring fair value measurements</b>							
<b>Investment property</b>							
Investment property	C1-8	6,688	6,688	–	–	6,688	6,688
<b>Total investment property</b>		<b>6,688</b>	<b>6,688</b>	<b>–</b>	<b>–</b>	<b>6,688</b>	<b>6,688</b>
<b>Infrastructure, property, plant and equipment</b>							
Plant and equipment		–	–	4,435	4,576	4,435	4,576
Operational land <sup>1</sup>		–	–	29,730	18,652	29,730	18,652
Community land		–	–	26,445	18,769	26,445	18,769
Land under roads		–	–	7,566	7,265	7,566	7,265
Buildings		–	–	29,249	16,079	29,249	16,079
Roads		–	–	181,321	169,272	181,321	169,272
Bridges		–	–	22,106	18,573	22,106	18,573
Footpaths		–	–	8,663	5,887	8,663	5,887
Bulk earthworks		–	–	88,442	83,069	88,442	83,069
Other structures		–	–	647	396	647	396
Stormwater drainage		–	–	16,025	15,153	16,025	15,153
Water supply network		–	–	67,715	61,781	67,715	61,781
Sewerage network		–	–	31,934	29,792	31,934	29,792
Swimming pools		–	–	1,968	1,925	1,968	1,925

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## E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
					Restated		Restated
Open space/recreation		–	–	10,367	8,709	10,367	8,709
Waste		–	–	1,753	1,760	1,753	1,760
Remediation and restoration		–	–	60	82	60	82
<b>Total IPPE <sup>1</sup></b>	C1-7	<b>–</b>	<b>–</b>	<b>528,426</b>	<b>461,740</b>	<b>528,426</b>	<b>461,740</b>

(1) Refer to Note G4-1 for details regarding restatement of prior year.

### 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:

#### Investment property

Investment property is subject to the external valuation based on market approach.

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

Most infrastructure is subject to external valuation or externally validated methodology applied by Council. This is subject to variability based on changing unit rates.

### 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.

\$ '000	Fair value 2023	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Plant and equipment	4,435	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value.
Operational land	29,730	Market approach	Price per square metre.
Community land	26,445	NSW Valuer-General land value	Land value, land area, level of restriction.
Land under roads	7,566	Englobo valuation basis	Extent and impact of use, market cost of land per square metre, restrictions.
Buildings (including other structures)	29,896	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining life, residual value.
Roads (including bridges, footpaths, bulk earthworks)	300,532	Cost approach	Asset condition, remaining lives using componentisation. Unit rates per square metre or length.
Stormwater drainage	16,025	Cost approach	Asset condition, remaining lives at unit rates per square metre or length.
Water supply and sewerage network	99,649	Cost approach	Asset condition, remaining lives using componentisation. Unit rates per square metre or length.
Swimming pools and open space / recreational assets	12,335	Cost approach	Asset condition, remaining lives using componentisation. Unit rates per square metre.
Waste assets	1,753	Cost approach	Asset condition, remaining lives and residual value.
Tips and quarry assets	60	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition.

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## E2-1 Fair value measurement (continued)

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

\$ '000	Notes	IPP&E	
		2023	2022 Restated
<b>Opening balance</b> <sup>1</sup>		<b>461,740</b>	416,843
<b>Other movements</b>			
Purchases (GBV)		<b>22,707</b>	23,837
Disposals (WDV)	C1-7	<b>(2,597)</b>	(2,694)
Depreciation and impairment	C1-7	<b>(8,970)</b>	(7,806)
Revaluations through equity	C1-7	<b>55,546</b>	31,560
<b>Closing balance</b>		<b>528,426</b>	461,740

(1) Refer to Note G4-1 for details regarding restatement of prior year.

### Highest and best use

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

Council has scheduled the comprehensive revaluation of IPPE assets in the next few years as follows:

2024 - Land under roads, tips and quarry assets

2025 - Infrastructure assets (roads, bridges, footpaths, bulk earthworks, stormwater

2026 - Community land, open space and recreational assets

2027 - Water and sewerage networks

## 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 (Active Super), named The Local Government Superannuation Scheme–Pool B (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 formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

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

*Description of the funding arrangements, including the method used to determine Council's rate of contributions and any minimum funding requirements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

Division B	1.9 times member contributions for non-180 point members and nil for 180 point members
Division C	2.5% salaries
Division D	1.64 times employee contributions

\*For 180 Point Members, Employers are required to contribute 8.0% (2022: 7.5%) 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 million per annum (2022: \$40.0 million per annum for 1 July 2019 to 31 December 2021) for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions.

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

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

## E3-1 Contingencies (continued)

The amount of Council employer contributions to defined benefit section of the Fund and recognised as an expense for the year ended 30 June 2023 was \$50,440 (2022: \$78,467). The last valuation of the Fund was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

Council's expected contributions to the Fund for the next annual reporting period are \$46,277 (2022: \$59,558).

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 other accumulation accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.20% (2022: 0.27%).

Council's share of that deficiency cannot be accurately calculated as the Fund 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 Fund 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 (2022:5.75%)
Salary inflation *	3.5% per annum (2022: 3.5%)
Increase in CPI	6.0% for FY2022/23, 2.5% per annum thereafter

\* Plus promotional increases

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

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 2023 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

Council had provided a bank guarantee of \$10,000 as security for a project work in 2019. The bank guarantee was returned to Council for cancellation in July 2023.

## E3-1 Contingencies (continued)

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### 2. Other liabilities

#### (i) Third party claims

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 not classified any privately owned land parcels as local open space or bushland.

As a result there are no potential land acquisitions due to planning restrictions imposed by Council.

### ASSETS NOT RECOGNISED

#### (i) 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.

#### (ii) Rural Fire Services assets

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

Council has assessed during 2022/23 that it does not have control over Rural Fire Services (RFS) fleet assets, and as such has not performed a stocktake or recognised them in the financial statements. The estimated total new replacement costs RFS fleet assets in the Yass Valley District as at the reporting date was \$9,537,397 (2022: \$5,701,817), based on data provided by NSW Treasury.

Council does have a level of control over Rural Fire Services land and buildings and continues to recognise these in the financial statements.

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire assets including land and buildings and exclude plant and vehicles.



## F People and relationships

### F1 Related party disclosures

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

Key management personnel (KMP) of Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. KMP personnel of Council include 9 Councillors (refer Note F1-2), Chief Executive Officer and 3 Directors.

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	761	780
<b>Total</b>	<b>761</b>	<b>780</b>

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

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

As at the reporting date, there is no other transactions with KMP and their related parties identified (2022: nil).

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

\$ '000	Notes	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:			
Mayoral fee		28	25
Councillors' fees		114	106
Other Councillors' expenses (including Mayor)		15	18
<b>Total</b>	B3-2	<b>157</b>	<b>149</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	Notes	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms			
<b>Auditors of the Council - NSW Auditor-General:</b>			
<b>(i) Audit and other assurance services</b>			
Audit and review of financial statements		147	61
<b>Total audit fees</b>	B3-2	<b>147</b>	<b>61</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	Notes	2023	2022
<b>Net operating result from Income Statement</b>		<b>14,266</b>	19,581
<b>Add / (less) non-cash items:</b>			
Depreciation and amortisation	B3-4	9,141	8,017
(Gain) / loss on disposal of assets	B4-1	2,344	2,452
Non-cash capital grants and contributions	B2-4	(72)	(1,920)
Landfill remediation and restoration	B3-5	-	102
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investment property	B2-6	-	(2,338)
<b>Movements in operating assets and liabilities and other cash items:</b>			
(Increase) / decrease of receivables		(3,329)	(304)
Increase / (decrease) in provision for impairment of receivables	B3-5,C1-4	55	22
(Increase) / decrease of inventories		22	26
(Increase) / decrease of other current assets		(422)	271
(Increase) / decrease of contract asset		2,285	(3,033)
Increase / (decrease) in payables		(1,014)	1,772
Increase / (decrease) in accrued interest payable		(155)	(8)
Increase / (decrease) in other accrued expenses payable		(55)	784
Increase / (decrease) in other liabilities		(981)	1,015
Increase / (decrease) in contract liabilities		(600)	1,849
Increase / (decrease) in employee benefit provision		55	93
Increase / (decrease) in other provisions		-	68
<b>Net cash flows from operating activities</b>		<b>21,540</b>	<b>28,449</b>

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

Dedications	B2-4	72	1,920
<b>Total non-cash investing and financing activities</b>		<b>72</b>	<b>1,920</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Plant and equipment	579	–
Sewerage and water infrastructure	2,128	1,253
Road infrastructure	5,373	1,328
Parks and recreational assets	1,145	176
Buildings facility and waste assets	470	84
Waste management and landfill rehabilitation	387	449
<b>Total commitments</b>	<b>10,082</b>	<b>3,290</b>
<b>Sources for funding of capital commitments:</b>		
Unexpended grants	5,501	658
Externally restricted reserves	2,046	1,701
Internally allocated reserves	2,535	931
<b>Total sources of funding</b>	<b>10,082</b>	<b>3,290</b>

#### Details of capital commitments

Purchase of heavy plant and equipment, projects for roads, water, sewer, waste and stormwater infrastructure, building and lighting upgrades and recreation ground upgrades.

## G3-1 Events occurring after the reporting date

Council is unaware of any material or significant adjusting events and non-adjusting events occurring after the reporting date that should be disclosed.

## G4 Changes from prior year statements

### G4-1 Correction of errors

Council has undertaken an external revaluation of operational land as at 30 June 2023. It is found that the carrying value of the operational land for the year ended 30 June 2022 included an amount of \$3,474k not relating to operational land but duplicated to other community land category.

The error identified above is considered to be material and has been corrected by restating the balance of IPPE at 1 July 2021 and taken the adjustment to asset revaluation reserve at that date. The correction does not impact on the income statement for the year ended 30 June 2022.

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

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

##### Statement of Financial Position

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Infrastructure, property, Plant and equipment	429,736	(3,474)	426,262
<b>Total non-current assets</b>	<b>434,477</b>	<b>(3,474)</b>	<b>431,003</b>
<b>Total assets</b>	<b>475,050</b>	<b>(3,474)</b>	<b>471,576</b>

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## G4-1 Correction of errors (continued)

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
<b>Net assets</b>	446,344	(3,474)	442,870
Revaluation Reserve	185,015	(3,474)	181,541
<b>Total equity</b>	<b>446,344</b>	<b>(3,474)</b>	<b>442,870</b>

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

## Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, property, Plant and equipment	478,300	(3,474)	474,826
<b>Total non-current assets</b>	<b>485,168</b>	<b>(3,474)</b>	<b>481,694</b>
<b>Total assets</b>	<b>530,680</b>	<b>(3,474)</b>	<b>527,206</b>
<b>Net assets</b>	<b>497,485</b>	<b>(3,474)</b>	<b>494,011</b>
Revaluation Reserve	216,575	(3,474)	213,101
<b>Total equity</b>	<b>497,485</b>	<b>(3,474)</b>	<b>494,011</b>

## G5 Statement of developer contributions as at 30 June 2023

## G5-1 Summary of developer contributions by a Plan

\$ '000	Notes	Opening balance at 1 July 2022	Contributions received during the year - Cash	Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2023
Council Area		5,088	840	161	(858)	5,231
Heavy Haulage		1,569	52	49	-	1,670
<b>Total S7.11 and S7.12 revenue under plans</b>	C1-3a	<b>6,657</b>	<b>892</b>	<b>210</b>	<b>(858)</b>	<b>6,901</b>
S64 contributions - water	C1-3a	3,039	2,233	97	-	5,369
S64 contributions - sewer	C1-3a	1,026	1,225	33	-	2,284
<b>Total contributions</b>	B2-4b,B2- 5	<b>10,722</b>	<b>4,350</b>	<b>340</b>	<b>(858)</b>	<b>14,554</b>

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

## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022      2021		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(1,019)</b>	<b>(2.72)%</b>	4.07%	(1.35)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>37,467</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>27,489</b>	<b>49.84%</b>	49.40%	51.50%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>55,151</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>16,625</b>	<b>2.52x</b>	2.39x	3.36x	> 1.50x
Current liabilities less specific purpose liabilities	<b>6,595</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>8,815</b>	<b>5.45x</b>	5.30x	3.38x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,616</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>1,949</b>	<b>9.27%</b>	5.59%	6.25%	< 10.00%
Rates and annual charges collectable	<b>21,031</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>36,433</b>	<b>11.78 months</b>	16.41 months	4.16 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>3,093</b>				

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

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

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(6.60)%</b>	(1.63)%	<b>3.43%</b>	22.33%	<b>30.60%</b>	30.39%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>46.56%</b>	44.01%	<b>58.96%</b>	69.03%	<b>68.94%</b>	98.83%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>2.52x</b>	2.39x	<b>6.39x</b>	3.71x	<b>17.46x</b>	2.51x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>27.02x</b>	5.48x	<b>1.87x</b>	4.09x	<b>4.40x</b>	8.53x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>11.74%</b>	7.12%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>6.25 months</b>	13.19 months	<b>29.62 months</b>	24.64 months	<b>62.24 months</b>	49.51 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 Council information and contact details

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**Principal place of business:**

209 Comur Street  
YASS NSW 2582

**Contact details**

**Mailing Address:**

PO Box 6  
209 Comur Street  
YASS NSW 2582

**Opening hours:**

Office hours: 9:00am to 4:30pm (Monday to Friday)  
Cashier hours: 9:00am to 4:30pm (Monday to Friday)

**Telephone:** 02 6226 1477 or 1300 553 652

**Facsimile:** 02 6226 2598

**Website:** [www.yassvalley.nsw.gov.au](http://www.yassvalley.nsw.gov.au)

**Email:** [council@yass.nsw.gov.au](mailto:council@yass.nsw.gov.au)

**Officers**

**CHIEF EXECUTIVE OFFICER**

Chris Berry

**DIRECTOR CORPORATE & COMMUNITY**

Lynette Safranek

**Elected members**

**Mayor**

Allan McGrath

**Councillors**

Adrian Cameron  
Cayla Pothan  
Cecil Burgess OAM  
Jasmine Jones  
Jim Abbey  
Kim Turner  
Kristen Butler  
Mike Reid

**Other information**

**ABN:** 50 119 744 650





## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Yass Valley Council

To the Councillors of the Yass Valley Council

### Qualified Opinion

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

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

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

### Basis for Qualified Opinion

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

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

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 July 2011
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such the assets are provided to the Council free-of-charge.

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

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2023
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G6-1 'Statement of performance measures – consolidated results' and Note G6-2 'Statement of performance measures by fund'.

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

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

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

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

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

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

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

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

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

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

My objectives are to:

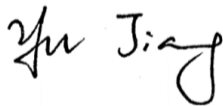
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Reiky Jiang  
Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY



Mr Allan McGrath  
Mayor  
Yass Valley Council  
209 Comur Street  
YASS NSW 2582

Contact: Reiky Jiang  
Phone no: 02 9275 7281  
Our ref: R008-16585809-49733

21 December 2023

Dear Mayor

## **Report on the Conduct of the Audit for the year ended 30 June 2023 Yass Valley Council**

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

I expressed a modified opinion on the Council's GPFS.

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

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

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

- Rural fire-fighting equipment - refer to section 'Non-recognition of rural fire-fighting equipment' below for details. This issue will continue to be reported as high risk finding in the management letter.
- IT policies and procedures, user access review and change management - the Council is currently using outdated IT policy documents that are critical to the IT operations. The Council has not developed any policies and procedures around ICT disaster recovery, user access and change management. The Council did not perform periodic comprehensive user access review to validate all user accounts and the appropriateness of user access rights. This issue will be reported as a high risk finding in the management letter.

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

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

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

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 July 2011
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such the assets are provided to the Council free of charge.

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

This has resulted in the audit opinion on the Council's 30 June 2023 GPFS to be modified.

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

## INCOME STATEMENT

### Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	19.8	18.7	↑ 5.9
Grants and contributions revenue	27.7	26.4	↑ 4.9
Operating result from continuing operations	14.3	19.6	↓ (27)
Net operating result before capital grants and contributions	(3.4)	1.1	↓ (409)

Rates and annual charges revenue (\$19.8 million) increased by \$1.1 million (5.9 per cent) in 2022–23 mainly due to the annual rate peg of 2.3 per cent in 2022-23 comparing to 2 per cent in 2021-22. There was also an increase in rateable residential properties by 1.7 per cent (6,137 rateable properties in 2022-23 compared to 6,034 properties last year).

Grants and contributions revenue (\$27.7 million) increased by \$1.3 million (or 4.9 per cent) in 2022–23 primarily due to:

- Council receiving \$3.3 million more developer contributions compared to last year
- increase in other roads and bridges operating grant funding of \$2.6 million
- the above are partially offset by the decrease in other roads and bridges capital grant funding of \$4.0 million.

Overall, the Council’s operating result from continuing operations (\$14.3 million including depreciation, amortisation and impairment of non-financial assets) was \$5.3 million lower than the 2021–22 result. This is mainly due to the increase in materials and services expense of \$4.8 million as more rectification works were required due to flooding.

The net operating result before capital grants and contributions (-\$3.4 million) was \$4.5 million lower than the 2021–22 result.

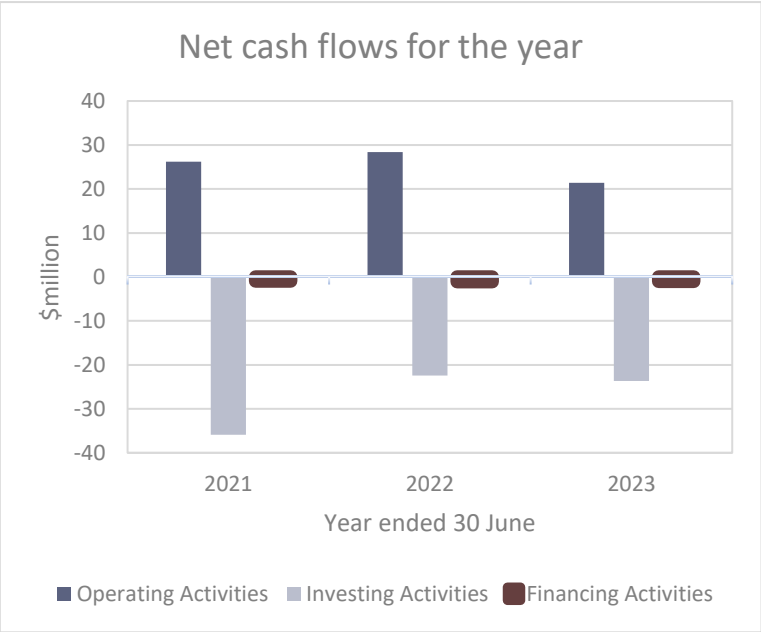
## STATEMENT OF CASH FLOWS

The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year. The Council’s cash and cash equivalents decreased by \$3.1 million during the current year.

Net cash inflows from operating activities (\$21.5 million) decreased by \$6.9 million (24.3 per cent) when compared with the prior period majorly due to increase in payment for material and services by \$8.2 million which was offset by an increase in grants and contributions receipt of \$6.1 million.

Net cash outflows from investing activities (\$23.8 million) were \$1.3 million (5.9 per cent) higher than the prior year (\$22.4 million) primarily due to higher net acquisition of investments.

Net cash inflows from financing activities (\$0.9 million) were \$0.1 million (14.9 per cent) lower than the 2022-23 financial year mainly due to decrease in net repayments to borrowings of \$0.1 million.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>36.4</b>	<b>35.7</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Restricted and allocated cash, cash equivalents and investments:			External restrictions include unspent specific purpose grants, developer contributions, domestic waste management charges, water, sewer and stormwater management charges.
• External restrictions	30.0	26.8	In 2023, there has been an increase in the externally restricted cash, cash equivalents and investments of \$3.2 million, which is mostly attributable to the current year increase in the developer contributions of \$3.8 million and decrease in unspent specific purpose grants – general fund of \$0.6 million.
• Internal allocations	6.4	8.9	<ul style="list-style-type: none"> <li>Internal allocations are determined by council policies or decisions, which are subject to change. Through Council resolution, internal allocations can be adjusted to enable the use of these funds to provide liquidity for general operational use as required.</li> <li>The reduction in internal allocations is primarily due to the decrease in allocated funds for replacement of plant and vehicle and financial assistance grants.</li> </ul>

### Debt

At 30 June 2023, Council had:

- \$13.8 million in external borrowings (\$14.6 million in 2021-22)
- \$0.09 million in credit card facility with \$0.02 million used.

## PERFORMANCE

### Performance measures

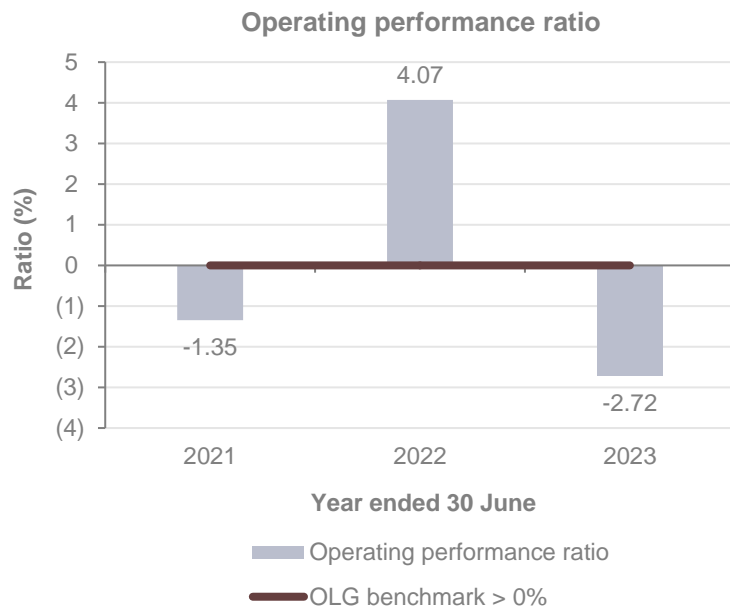
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.



### Operating performance ratio

The Council did not meet the benchmark for the current reporting period with a ratio of -2.72 per cent. This is mainly because the Council has significant reliance on external grant funding coupled with an increase in expenses from last year (mainly due to the increase in materials and services of \$4.8 million).

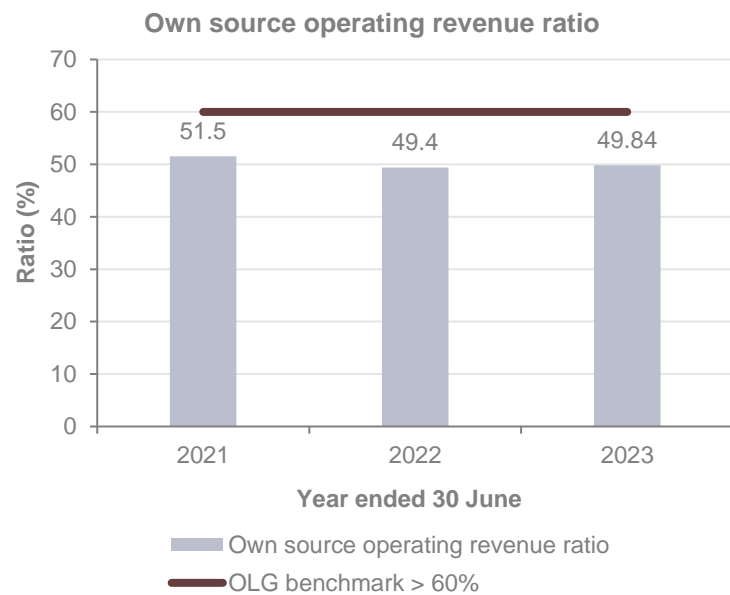
The 'operating performance ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

The Council did not meet the benchmark for the current reporting period with a ratio of 49.84 per cent. This is mainly because the Council has significant reliance on external grant funding.

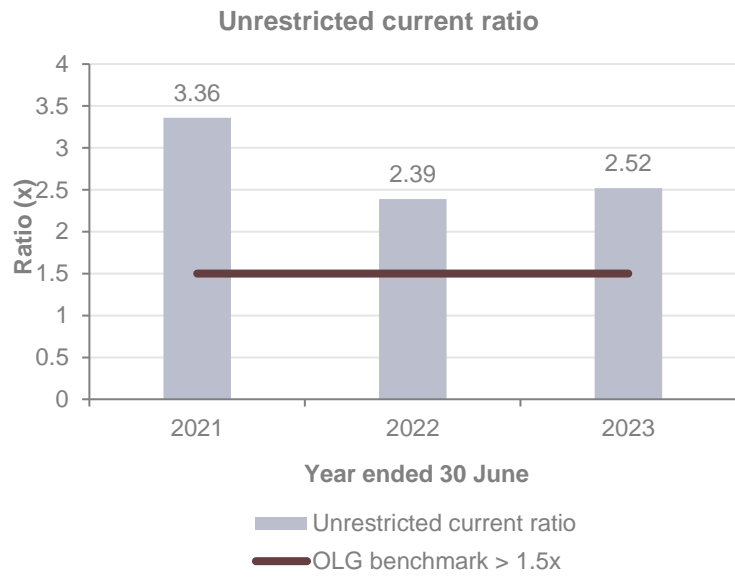
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council met the benchmark for the current reporting period.

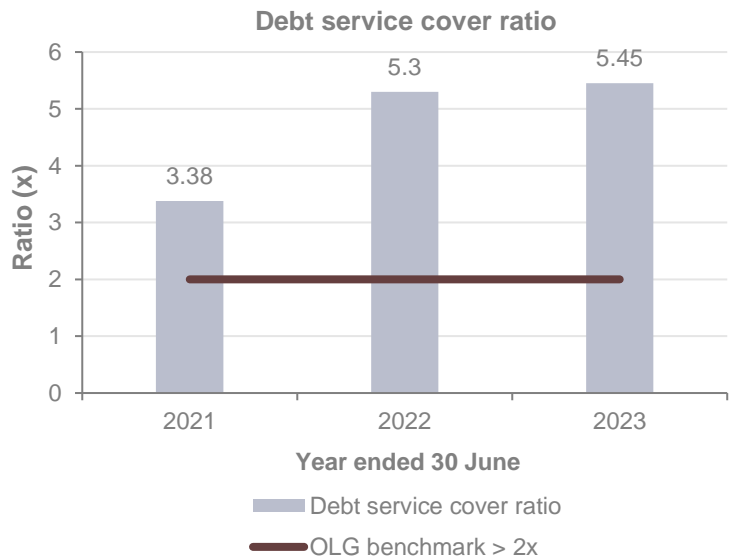
The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

The Council exceeded the benchmark for the current reporting period.

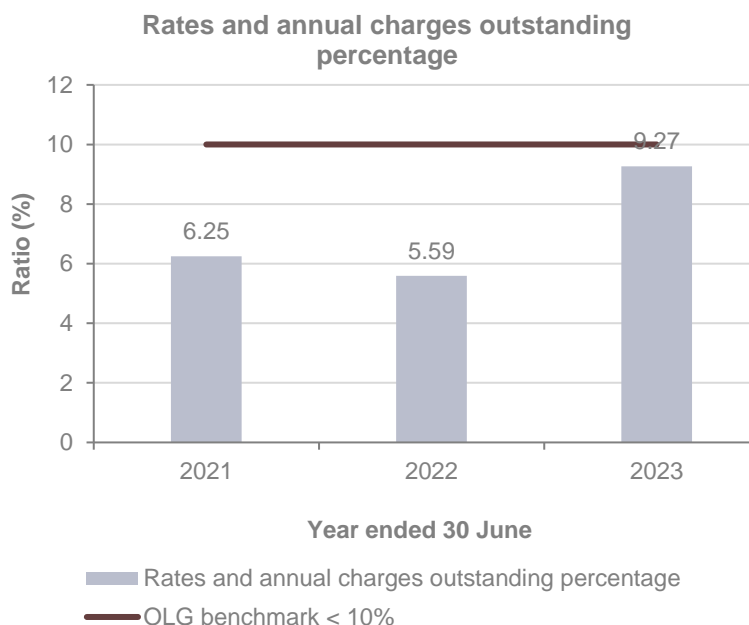
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

The Council met the benchmark for the current reporting period.

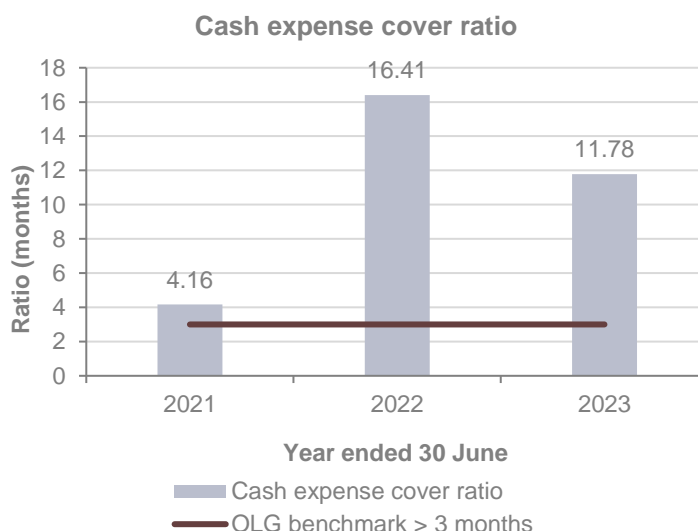
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is for this ratio to be less than 10 per cent for regional and rural councils.



### 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.



### Infrastructure, property, plant and equipment renewals

Council renewed \$18.2 million of infrastructure, property, plant and equipment during the 2022-23 financial year. A further \$ 2.7 million was spent on new assets. Renewals and new assets combined represented 3.9 per cent of the closing balance of IPPE as at 30 June 2023 and primarily related to renewals additions to road and buildings amounting to \$ 5.1 million and \$2.4 million respectively and additions to new assets to operational land amounting to \$1.1 million.

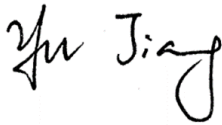
## OTHER MATTERS

### Legislative compliance

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

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

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



Reiky Jiang  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

# Yass Valley Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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*"A diverse rural region that provides lifestyle, business and recreation choices, while sustaining our environment, history and community"*



Contents	Page
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### Background

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

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

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

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

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

# Yass Valley Council

## Special Purpose Financial Statements

for the year ended 30 June 2023

### Statement by Councillors and Management

---

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

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


- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- 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; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 20 December 2023.



Allan McGrath  
Mayor  
20 December 2023



Cayla Pothan  
Councillor  
20 December 2023



Chris Berry  
Chief Executive Officer  
20 December 2023



Lynette Safranek  
Director Corporate & Community  
20 December 2023

## Yass Valley Council

### Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	1,938	1,869
User charges	2,239	2,102
Fees	1	6
Interest and investment income	214	6
Grants and contributions provided for operating purposes	–	740
Other income	12	11
<b>Total income from continuing operations</b>	<b>4,404</b>	<b>4,734</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,189	933
Borrowing costs	516	653
Materials and services	1,056	1,070
Depreciation, amortisation and impairment	1,477	1,021
Net loss from the disposal of assets	15	59
<b>Total expenses from continuing operations</b>	<b>4,253</b>	<b>3,736</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>151</b>	<b>998</b>
Grants and contributions provided for capital purposes	3,065	1,052
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>3,216</b>	<b>2,050</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>3,216</b>	<b>2,050</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(38)	(250)
<b>Surplus (deficit) after tax</b>	<b>3,178</b>	<b>1,800</b>
<b>Plus accumulated surplus</b>	<b>41,336</b>	<b>40,809</b>
<b>Plus/less: other adjustments (transfer to/from general fund)</b>	<b>–</b>	<b>(1,523)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	38	250
<b>Closing accumulated surplus</b>	<b>44,552</b>	<b>41,336</b>
<b>Return on capital %</b>	<b>0.9%</b>	<b>2.5%</b>
<b>Subsidy from Council</b>	<b>2,262</b>	<b>805</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	3,178	1,800
Less: capital grants and contributions (excluding developer contributions)	(3,065)	(1,052)
<b>Surplus for dividend calculation purposes</b>	<b>113</b>	<b>748</b>
<b>Potential dividend calculated from surplus</b>	<b>57</b>	<b>374</b>



## Yass Valley Council

### Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	2,496	2,409
User charges	55	33
Fees	2	9
Interest and investment income	166	4
<b>Total income from continuing operations</b>	<b>2,719</b>	<b>2,455</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	206	174
Borrowing costs	175	185
Materials and services	721	691
Depreciation, amortisation and impairment	785	659
Net loss from the disposal of assets	–	12
<b>Total expenses from continuing operations</b>	<b>1,887</b>	<b>1,721</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>832</b>	<b>734</b>
Grants and contributions provided for capital purposes	1,225	29
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,057</b>	<b>763</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,057</b>	<b>763</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(208)	(184)
<b>Surplus (deficit) after tax</b>	<b>1,849</b>	<b>579</b>
<b>Plus accumulated surplus</b>	<b>22,409</b>	21,631
<b>Plus/less: other adjustments (transfer to/from general fund)</b>	–	15
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	208	184
<b>Closing accumulated surplus</b>	<b>24,466</b>	<b>22,409</b>
<b>Return on capital %</b>	<b>2.9%</b>	2.8%
<b>Subsidy from Council</b>	<b>403</b>	314
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,849	579
Less: capital grants and contributions (excluding developer contributions)	(1,225)	(29)
<b>Surplus for dividend calculation purposes</b>	<b>624</b>	<b>550</b>
<b>Potential dividend calculated from surplus</b>	<b>312</b>	<b>275</b>

## Yass Valley Council

### Income Statement of Waste services

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
Annual charges	2,850	2,744
User charges	238	807
Fees	1	4
Interest and investment income	95	2
Grants and contributions provided for operating purposes	27	27
Other income	217	376
<b>Total income from continuing operations</b>	<b>3,428</b>	<b>3,960</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,076	1,031
Borrowing costs	1	102
Materials and services	1,228	1,449
Depreciation, amortisation and impairment	285	93
<b>Total expenses from continuing operations</b>	<b>2,590</b>	<b>2,675</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>838</b>	<b>1,285</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>838</b>	<b>1,285</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>838</b>	<b>1,285</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(210)	(321)
<b>Surplus (deficit) after tax</b>	<b>628</b>	<b>964</b>
<b>Plus accumulated surplus</b>	<b>2,442</b>	<b>4,428</b>
<b>Plus/less: other adjustments (transfer to/from general fund)</b>	<b>–</b>	<b>(3,271)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	210	321
<b>Closing accumulated surplus</b>	<b>3,280</b>	<b>2,442</b>
<b>Return on capital %</b>	<b>30.9%</b>	<b>75.5%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>

## Yass Valley Council

### Income Statement of Caravan park

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>Income from continuing operations</b>		
Fees	619	394
Other income	4	–
<b>Total income from continuing operations</b>	<b>623</b>	<b>394</b>
<b>Expenses from continuing operations</b>		
Materials and services	369	351
Depreciation, amortisation and impairment	94	186
<b>Total expenses from continuing operations</b>	<b>463</b>	<b>537</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>160</b>	<b>(143)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>160</b>	<b>(143)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>160</b>	<b>(143)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(40)	–
<b>Surplus (deficit) after tax</b>	<b>120</b>	<b>(143)</b>
<b>Plus accumulated surplus</b>	<b>1,354</b>	<b>2,279</b>
<b>Plus/less: other adjustments (transfer to/from general fund)</b>	<b>–</b>	<b>(782)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	40	–
<b>Closing accumulated surplus</b>	<b>1,514</b>	<b>1,354</b>
<b>Return on capital %</b>	<b>13.2%</b>	<b>(18.5)%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>171</b>

## Yass Valley Council

### Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,884	3,745
Investments	5,369	3,040
Receivables	971	708
Contract assets and contract cost assets	39	170
<b>Total current assets</b>	<b>9,263</b>	<b>7,663</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	72,854	67,094
<b>Total non-current assets</b>	<b>72,854</b>	<b>67,094</b>
<b>Total assets</b>	<b>82,117</b>	<b>74,757</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	193	347
Contract liabilities	–	7
Borrowings	582	450
Employee benefit provisions	224	254
<b>Total current liabilities</b>	<b>999</b>	<b>1,058</b>
<b>Non-current liabilities</b>		
Borrowings	9,615	10,259
<b>Total non-current liabilities</b>	<b>9,615</b>	<b>10,259</b>
<b>Total liabilities</b>	<b>10,614</b>	<b>11,317</b>
<b>Net assets</b>	<b>71,503</b>	<b>63,440</b>
<b>EQUITY</b>		
Accumulated surplus	44,552	41,336
Revaluation reserves	26,951	22,104
<b>Total equity</b>	<b>71,503</b>	<b>63,440</b>

## Yass Valley Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022 Restated
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,682	4,222
Investments	2,284	1,026
Receivables	37	–
<b>Total current assets</b>	<b>7,003</b>	<b>5,248</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	35,065	32,727
<b>Total non-current assets</b>	<b>35,065</b>	<b>32,727</b>
<b>Total assets</b>	<b>42,068</b>	<b>37,975</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	36	38
Borrowings	242	232
Employee benefit provisions	123	139
<b>Total current liabilities</b>	<b>401</b>	<b>409</b>
<b>Non-current liabilities</b>		
Borrowings	3,409	3,651
<b>Total non-current liabilities</b>	<b>3,409</b>	<b>3,651</b>
<b>Total liabilities</b>	<b>3,810</b>	<b>4,060</b>
<b>Net assets</b>	<b>38,258</b>	<b>33,915</b>
<b>EQUITY</b>		
Accumulated surplus	24,466	22,409
Revaluation reserves	13,792	11,506
<b>Total equity</b>	<b>38,258</b>	<b>33,915</b>

## Yass Valley Council

### Statement of Financial Position of Waste services

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,992	4,013
<b>Total current assets</b>	<b>3,992</b>	<b>4,013</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	2,711	1,838
Right of use assets	181	–
<b>Total non-current assets</b>	<b>2,892</b>	<b>1,838</b>
<b>Total assets</b>	<b>6,884</b>	<b>5,851</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Lease liabilities	119	178
Provisions	940	535
<b>Total current liabilities</b>	<b>1,059</b>	<b>713</b>
<b>Non-current liabilities</b>		
Lease liabilities	62	9
Provisions	603	892
<b>Total non-current liabilities</b>	<b>665</b>	<b>901</b>
<b>Total liabilities</b>	<b>1,724</b>	<b>1,614</b>
<b>Net assets</b>	<b>5,160</b>	<b>4,237</b>
<b>EQUITY</b>		
Accumulated surplus	3,280	2,442
Revaluation reserves	1,880	1,795
<b>Total equity</b>	<b>5,160</b>	<b>4,237</b>

## Yass Valley Council

### Statement of Financial Position of Caravan park

as at 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	324	579
<b>Total current assets</b>	<b>324</b>	<b>579</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	1,209	775
<b>Total non-current assets</b>	<b>1,209</b>	<b>775</b>
<b>Total assets</b>	<b>1,533</b>	<b>1,354</b>
<b>Net assets</b>	<b>1,533</b>	<b>1,354</b>
<b>EQUITY</b>		
Accumulated surplus	1,514	1,354
Revaluation reserves	19	–
<b>Total equity</b>	<b>1,533</b>	<b>1,354</b>

## Note – Significant Accounting Policies

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

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, 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 2005* (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. Yass Valley Council Waste Service

Comprising the operations, and net assets of Council's Domestic Waste, and Other Waste activities, servicing the local government area.

##### b. Yass Valley Council Water Supplies

Comprising the operations, and net assets of Council's water supply activities, servicing the towns of Yass, Bowning, Binalong and Murrumbateman.

##### c. Yass Valley Council Sewerage Service

Comprising the operations, and net assets, of Council's sewerage reticulation and treatment activities servicing the town of Yass and most recently expanded to include the town of Murrumbateman.

#### Category 2

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

##### a. Yass Valley Council Caravan Park

Comprising the operations and net assets of Council's Caravan Park, servicing the town of Yass.

### 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.



## Note – Significant Accounting Policies (continued)

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

### Notional rate applied (%)

Corporate income tax rate – **25.0%** (2022: 25.0%)

Land tax – the first \$969,000 (2022: \$822,000) 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 (2022: \$5,026,000) a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** (2022:4.85%) on the value of taxable salaries and wages in excess of \$1,200,000.

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

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

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

### Income tax

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

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25.0% (2022: 25.0%).

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 Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25.0% 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 (2022: 3.66%).

#### (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 Department of Industry – 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 Department of Planning, Industry and Environment – Water.

## Correction of errors

Council undertook an external revaluation of sewerage service network as at 30 June 2022, of which the fair value of the revaluation included the asset of Wellington Road SPS, whereas the project cost of \$962k still remained in the capital work in progress.

The error identified above is considered to be material and has been corrected by restating the balance of sewerage service network capital work in progress at 30 June 2022 and taken the adjustment to the asset revaluation reserve at that date.

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

#### Statement of Financial Position - Sewerage Business Activity

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, Property, Plant and Equipment	33,689	(962)	32,727
<b>Total non-current assets</b>	<b>33,689</b>	<b>(962)</b>	<b>32,727</b>
<b>Total assets</b>	<b>38,937</b>	<b>(962)</b>	<b>37,975</b>
<b>Net assets</b>	<b>34,877</b>	<b>(962)</b>	<b>33,915</b>
Asset revaluation reserve	12,468	(962)	11,506
<b>Total equity</b>	<b>34,877</b>	<b>(962)</b>	<b>33,915</b>



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Yass Valley Council**

To the Councillors of the Yass Valley Council

## **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of the Yass Valley 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
- waste services
- Caravan park.

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

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

## **Basis for Opinion**

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

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

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

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

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

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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

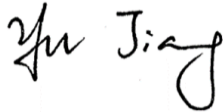
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang  
Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY

# Yass Valley Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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*"A diverse rural region that provides lifestyle, business and recreation choices, while sustaining our environment, history and community"*



# Yass Valley Council

## Special Schedules

for the year ended 30 June 2023

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

# Yass Valley Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	11,676	12,081
Plus or minus adjustments <sup>2</sup>	b	149	149
<b>Notional general income</b>	c = a + b	<b>11,825</b>	<b>12,230</b>
<b>Permissible income calculation</b>			
Rate peg percentage	e	2.30%	4.20%
Plus rate peg amount	i = e x (c + g)	272	514
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>12,097</b>	<b>12,744</b>
Plus (or minus) last year's carry forward total	l	(2)	(1)
Less valuation objections claimed in the previous year	m	(16)	(1)
<b>Sub-total</b>	n = (l + m)	<b>(18)</b>	<b>(2)</b>
<b>Total permissible income</b>	o = k + n	<b>12,079</b>	<b>12,742</b>
Less notional general income yield	p	12,081	12,753
<b>Catch-up or (excess) result</b>	q = o - p	<b>(2)</b>	<b>(11)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	1	-
<b>Carry forward to next year <sup>6</sup></b>	t = q + r - s	<b>(1)</b>	<b>(11)</b>

### Notes

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





## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Yass Valley Council

To the Councillors of the Yass Valley Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Schedule**

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

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

### **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

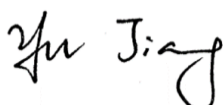
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Reiky Jiang  
Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY

## Yass Valley Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Buildings</b>	Buildings	1,135	1,135	430	430	29,249	49,887	12.0%	18.0%	56.0%	13.0%	1.0%
	<b>Sub-total</b>	<b>1,135</b>	<b>1,135</b>	<b>430</b>	<b>430</b>	<b>29,249</b>	<b>49,887</b>	<b>12.0%</b>	<b>18.0%</b>	<b>56.0%</b>	<b>13.0%</b>	<b>1.0%</b>
<b>Other structures</b>	Other structures	–	–	96	96	647	1,515	0.0%	20.0%	80.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>96</b>	<b>96</b>	<b>647</b>	<b>1,515</b>	<b>0.0%</b>	<b>20.0%</b>	<b>80.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed roads	693	693	679	679	166,398	173,374	24.0%	57.0%	18.0%	1.0%	0.0%
	Unsealed roads	3,810	3,810	652	652	11,246	31,748	20.0%	10.0%	40.0%	25.0%	5.0%
	Bridges	2,773	2,773	7	7	22,106	44,036	34.0%	4.0%	49.0%	13.0%	0.0%
	Footpaths	–	–	2	2	8,663	9,926	69.0%	24.0%	7.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	88,442	84,150	100.0%	0.0%	0.0%	0.0%	0.0%
	Culverts	152	152	162	162	13,694	23,674	9.0%	38.0%	46.0%	7.0%	0.0%
	Kerbs	205	205	–	–	4,102	6,410	26.0%	42.0%	24.0%	8.0%	0.0%
	Ancillary Assets	–	–	40	40	1,013	1,104	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>7,633</b>	<b>7,633</b>	<b>1,542</b>	<b>1,542</b>	<b>300,532</b>	<b>374,422</b>	<b>42.4%</b>	<b>31.5%</b>	<b>21.0%</b>	<b>4.7%</b>	<b>0.4%</b>
<b>Water supply network</b>	Water supply network	–	–	871	871	67,715	100,151	80.0%	15.0%	5.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>871</b>	<b>871</b>	<b>67,715</b>	<b>100,151</b>	<b>80.0%</b>	<b>15.0%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Sewerage network</b>	Sewerage network	–	–	560	560	31,934	48,730	45.0%	44.0%	11.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>560</b>	<b>560</b>	<b>31,934</b>	<b>48,730</b>	<b>45.0%</b>	<b>44.0%</b>	<b>11.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	68	68	45	45	16,025	20,694	28.0%	54.0%	17.0%	1.0%	0.0%
	<b>Sub-total</b>	<b>68</b>	<b>68</b>	<b>45</b>	<b>45</b>	<b>16,025</b>	<b>20,694</b>	<b>28.0%</b>	<b>54.0%</b>	<b>17.0%</b>	<b>1.0%</b>	<b>0.0%</b>

## Yass Valley Council

## Report on infrastructure assets as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Swimming pools	–	–	200	200	1,968	3,375	0.0%	0.0%	100.0%	0.0%	0.0%
	Parks and Gardens	–	–	115	115	10,367	13,668	14.0%	68.0%	18.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>315</b>	<b>315</b>	<b>12,335</b>	<b>17,043</b>	<b>11.2%</b>	<b>54.5%</b>	<b>34.2%</b>	<b>0.0%</b>	<b>0.1%</b>
<b>Total – all assets</b>		<b>8,836</b>	<b>8,836</b>	<b>3,859</b>	<b>3,859</b>	<b>458,437</b>	<b>612,442</b>	<b>44.8%</b>	<b>30.1%</b>	<b>20.8%</b>	<b>4.0%</b>	<b>0.3%</b>

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

## Infrastructure asset condition assessment 'key'

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

## Yass Valley Council

## Report on infrastructure assets as at 30 June 2023

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>18,149</b>	<b>230.76%</b>	343.15%	134.30%	> 100.00%
Depreciation, amortisation and impairment	<b>7,865</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>8,836</b>	<b>1.89%</b>	2.33%	1.23%	< 2.00%
Net carrying amount of infrastructure assets	<b>468,038</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>3,859</b>	<b>100.00%</b>	78.04%	100.33%	> 100.00%
Required asset maintenance	<b>3,859</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>8,836</b>	<b>1.44%</b>	1.74%	0.00%	
Gross replacement cost	<b>612,442</b>				

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

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

## Yass Valley Council

## Report on infrastructure assets as at 30 June 2023

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>295.65%</b>	412.38%	<b>66.49%</b>	34.38%	<b>76.69%</b>	276.78%	> 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>2.40%</b>	2.97%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>100.00%</b>	73.06%	<b>100.00%</b>	100.00%	<b>100.00%</b>	100.00%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>1.91%</b>	2.34%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	

(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.