

Wentworth Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023



Wentworth Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

26-28 Adelaide Street
Wentworth NSW 2648

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

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

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

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

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Wentworth Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 18 October 2023.



Daniel Linklater
Mayor
18 October 2023



Susan Nichols
Deputy Mayor
18 October 2023



Ken Ross
General Manager
18 October 2023



Simon Rule
Responsible Accounting Officer
18 October 2023

Wentworth Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Income from continuing operations				
10,098	Rates and annual charges	B2-1	9,755	9,529
6,331	User charges and fees	B2-2	8,807	9,600
1,188	Other revenues	B2-3	552	1,453
9,901	Grants and contributions provided for operating purposes	B2-4	16,524	12,147
20,181	Grants and contributions provided for capital purposes	B2-4	17,093	8,715
239	Interest and investment income	B2-5	1,706	280
40	Other income	B2-6	38	131
100	Net gain from the disposal of assets	B4-1	103	–
48,078	Total income from continuing operations		54,578	41,855
Expenses from continuing operations				
10,745	Employee benefits and on-costs	B3-1	9,964	9,665
6,903	Materials and services	B3-2	13,118	11,235
391	Borrowing costs	B3-3	343	316
8,025	Depreciation, amortisation and impairment of non-financial assets	B3-4	9,309	8,465
641	Other expenses	B3-5	651	524
–	Net loss from the disposal of assets	B4-1	–	78
–	Net share of interests in joint ventures and associates using the equity method	D2	78	195
26,705	Total expenses from continuing operations		33,463	30,478
21,373	Operating result from continuing operations		21,115	11,377
21,373	Net operating result for the year attributable to Council		21,115	11,377
–	Net operating result for the year before grants and contributions provided for capital purposes		4,022	2,662

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

Wentworth Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
Net operating result for the year – from Income Statement		21,115	11,377
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	30,958	49,470
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	(2,279)	—
Total items which will not be reclassified subsequently to the operating result		28,679	49,470
Total other comprehensive income for the year		28,679	49,470
Total comprehensive income for the year attributable to Council		49,794	60,847

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

Wentworth Shire Council

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	7,211	5,708
Investments	C1-2	44,000	38,000
Receivables	C1-4	5,771	4,491
Inventories	C1-5	248	224
Other	C1-8	201	211
Total current assets		57,431	48,634
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	557,482	511,401
Intangible assets	C1-7	184	184
Investments accounted for using the equity method	D2-1	867	945
Total non-current assets		558,533	512,530
Total assets		615,964	561,164
LIABILITIES			
Current liabilities			
Payables	C3-1	3,775	2,675
Contract liabilities	C3-2	10,012	6,411
Borrowings	C3-3	956	780
Employee benefit provisions	C3-4	2,149	2,143
Total current liabilities		16,892	12,009
Non-current liabilities			
Borrowings	C3-3	7,011	7,016
Employee benefit provisions	C3-4	158	152
Provisions	C3-5	2,835	2,713
Total non-current liabilities		10,004	9,881
Total liabilities		26,896	21,890
Net assets		589,068	539,274
EQUITY			
Accumulated surplus	C4-1	116,155	95,040
IPPE revaluation reserve	C4-1	472,913	444,234
Council equity interest		589,068	539,274
Total equity		589,068	539,274

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

Wentworth Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		95,040	444,234	539,274	83,663	394,764	478,427
Net operating result for the year		21,115	–	21,115	11,377	–	11,377
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	30,958	30,958	–	49,470	49,470
– Impairment (loss) reversal relating to IPP&E	C1-6	–	(2,279)	(2,279)	–	–	–
Other comprehensive income		–	28,679	28,679	–	49,470	49,470
Total comprehensive income		21,115	28,679	49,794	11,377	49,470	60,847
Closing balance at 30 June		116,155	472,913	589,068	95,040	444,234	539,274

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

Wentworth Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
10,030	Rates and annual charges		9,873	9,497
6,075	User charges and fees		9,365	10,227
213	Interest received		995	224
30,649	Grants and contributions		30,660	20,776
1,162	Other		3,540	2,531
<i>Payments:</i>				
(10,725)	Payments to employees		(9,967)	(9,891)
(4,182)	Payments for materials and services		(14,456)	(13,067)
(377)	Borrowing costs		(222)	(199)
(862)	Other		(2,081)	(1,253)
31,983	Net cash flows from operating activities	G1-1	27,707	18,845
Cash flows from investing activities				
<i>Receipts:</i>				
—	Sale of investments		36,000	47,000
450	Proceeds from sale of IPPE		164	272
<i>Payments:</i>				
—	Purchase of investments		(42,000)	(59,000)
(37,297)	Payments for IPPE		(20,539)	(15,577)
(36,847)	Net cash flows from investing activities		(26,375)	(27,305)
Cash flows from financing activities				
<i>Receipts:</i>				
8,000	Proceeds from borrowings		1,000	2,400
<i>Payments:</i>				
(854)	Repayment of borrowings		(829)	(625)
7,146	Net cash flows from financing activities		171	1,775
2,282	Net change in cash and cash equivalents		1,503	(6,685)
—	Cash and cash equivalents at beginning of year		5,708	12,393
2,282	Cash and cash equivalents at end of year	C1-1	7,211	5,708
—	plus: Investments on hand at end of year	C1-2	44,000	38,000
2,282	Total cash, cash equivalents and investments		51,211	43,708

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

Wentworth Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 18 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Natural Disaster - Flooding

Wentworth Shire Council was declared a natural disaster area in November 2022 as a result of extensive flooding through the Murray and Darling River systems. The overall impact on Council assets has been comparatively minor compared to other Councils, however, the event did result in a significant disruption to Council operations with most projects put on hold as either a direct impact of the flood waters or because Council staff were reassigned to flood preparation, clean-up and recovery efforts.

The potential impact of the natural disaster on financial reporting for the year end 30 June 2023 was assessed through an analysis of the following:

- Impairment of assets
- Preparation and Rehabilitation Costs
- Natural Disaster Funding
- Insurance recoveries
- Decommissioning obligations

Current estimates of the expected cost to Council as a result of the flood is still being assessed however, as at 30 June 2023 Council has spent approximately \$3,500,000. Council has received Commonwealth natural disaster funding to offset a significant portion of expenditure incurred. Negotiations are ongoing with various Government departments in regards to being able to recoup as much of the funds expended on flood preparation and recovery expenditure as possible. Despite this Council still expects to be out of pocket by an amount yet to be determined.

The impairment of Council assets included in these accounts is \$2,279,027 with the cost to restore these assets to their pre-flood condition to occur over the 2022-2023 and the 2023-2024 financial years. As at 30 June a number of Council roads were still impacted by flooding. Council officers have not been able to assess these assets, therefore it is anticipated that there may be some further asset impairments recognised in the 2023-2024 financial statements.

There have been no insurance recoveries received in relation to flood impact assets and there have been no assets that have been decommissioned or disposed off.

Council is not aware of any other balance day events which would result in additional disclosures or adjustments to the 30 June 2023 financial results.

A1-1 Basis of preparation (continued)

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4

- (ii) Tip Remediation Provisions

Council has used significant judgement in determining future Tip Remediation Provisions - refer Note C3-5

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not rely on volunteer services. Council has not recognised any volunteer services in the income statement as the value is immaterial, cannot be reliably measured and the services would not be purchased if not donated.

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.

A1-1 Basis of preparation (continued)

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 a liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Council 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 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 does not expect any material impact from the above amendments. The only impact will be reductions in the quantum of accounting policies disclosures to focus on key decision areas and material policies only.

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 Revenue 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 ensures that a similar approach is applied by also requiring a seller-lessor 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 amendment.

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective for 30 June 2022. None of these standards had a significant impact on reported position or performance.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Functions or activities										
1. Wentworth Shire is a vibrant, growing and thriving region	1,953	1,045	2,605	1,882	(652)	(837)	1,928	564	4,960	14,192
2. Wentworth Shire is a great place to live	2,405	2,554	3,435	4,115	(1,030)	(1,561)	2,205	2,264	16,120	38,935
3. Wentworth Shire is a community that works to enhance and protect its physical and natural environment	31,528	21,093	22,564	17,024	8,964	4,069	17,954	8,067	535,360	451,402
4. Wentworth Shire is supported by strong and ethical civil leadership with all activities conducted in an open, transparent and inclusive manner	18,692	17,163	4,859	7,457	13,833	9,706	11,530	9,967	59,524	56,635
Total functions and activities	54,578	41,855	33,463	30,478	21,115	11,377	33,617	20,862	615,964	561,164

B1-2 Components of functions or activities

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

1. Wentworth Shire is a vibrant, growing and thriving Region.

- 1.1 Promote the Shire as an ideal location for investment and the establishment of innovative, sustainable and diversified industries.
- 1.2 Promote the Wentworth Region as a desirable visitor and tourism destination.
- 1.3 High quality connectivity across the region.
- 1.4 Encourage lifelong learning opportunities.
- 1.5 Encourage and support initiatives that improve local employment opportunities.

2. Wentworth Shire is a great place to live.

- 2.1 Continue to create opportunities for inclusion where all people feel welcome and participate in community life.
- 2.2 Work together to solve a range of social and health issues that impact community wellbeing and vulnerable people.
- 2.3 To have a safe community
- 2.4 A well informed, supported and engaged community.
- 2.5 To have a strong sense of place.

3. Wentworth Shire is a community that works to enhance and protect its physical and natural environment.

- 3.1 Ensure our planning decisions and controls enable the community to benefit from development.
- 3.2 Ensure that community assets and public infrastructure are well maintained.
- 3.3 Minimise the impact on the natural environment.
- 3.4 Use and manage our resources wisely.
- 3.5 Infrastructure meets the needs of our growing Shire.

4. Wentworth Shire is supported by strong and ethical civic leadership with all activities conducted in an open, transparent and inclusive manner.

- 4.1 Consistently engage and consult the whole community to ensure that feedback is captured and considered as part of decision-making and advocating processes.
- 4.2 A strong, responsible and representative government.
- 4.3 An effective and efficient organisation.
- 4.4 Provide strong leadership and work in partnership to strategically plan for the future.
- 4.5 Adopt practices of prudent asset, financial and human resource management across Council to ensure long-term sustainability and efficiency.

B2 Sources of income

B2-1 Rates and annual charges

	2023 \$ '000	2022 \$ '000
Ordinary rates		
Residential	2,250	2,176
Farmland	1,900	1,843
Business	1,528	1,603
Less: pensioner rebates (mandatory)	(41)	(44)
Less: pensioner rebates (Council policy)	(35)	(34)
Rates levied to ratepayers	5,602	5,544
Pensioner rate subsidies received	41	44
Total ordinary rates	5,643	5,588
Special rates		
Tourism	41	40
Rates levied to ratepayers	41	40
Total special rates	41	40
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	879	836
Water supply services	1,384	1,334
Sewerage services	1,852	1,776
Less: pensioner rebates (mandatory)	(53)	(56)
Less: pensioner rebates (Council policy)	(45)	(44)
Annual charges levied	4,017	3,846
Pensioner annual charges subsidies received:		
– Water	18	18
– Sewerage	16	17
– Domestic waste management	20	20
Total annual charges	4,071	3,901
Total rates and annual charges	9,755	9,529

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

Accounting policy

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

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

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

B2-2 User charges and fees

	Timing	2023 \$ '000	2022 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	2	1,342	1,470
Total specific user charges		1,342	1,470
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	5	10
Planning and building regulation	2	241	235
Private works – section 67	2	23	7
Regulatory/ statutory fees	2	79	26
Section 10.7 certificates (EP&A Act)	2	64	51
Section 603 certificates	2	30	27
Tapping fees	2	86	53
Total fees and charges – statutory/regulatory		528	409
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	56	119
Caravan park	2	–	1
Cemeteries	1	116	125
Refuse and effluent disposal	2	–	1
RMS charges (state roads not controlled by Council)	2	2,658	4,239
Waste disposal tipping fees	2	4,080	3,174
Animal control	2	22	14
Other – road opening permits	2	5	10
Other - Water Licence	2	–	38
Total fees and charges – other		6,937	7,721
Total other user charges and fees		7,465	8,130
Total user charges and fees		8,807	9,600
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		116	125
User charges and fees recognised at a point in time (2)		8,691	9,475
Total user charges and fees		8,807	9,600

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

	Timing	2023 \$ '000	2022 \$ '000
Legal fees recovery – other	2	–	593
Commissions and agency fees	2	19	18
Diesel rebate	2	149	112
Insurance claims recoveries	2	84	145
Sales – general	2	1	1
Facilities revenue	2	152	273
Insurance rebates	2	28	35
Rural fire service reimbursements	2	–	11
Sales – miscellaneous	2	15	11
Other – other public works	2	1	–
Other – meter readings	2	8	11
Other	2	95	243
Total other revenue		552	1,453
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		552	1,453
Total other revenue		552	1,453

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

		Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,360	2,323	–	–
Financial assistance – local roads component	2	255	1,125	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	5,190	3,568	–	–
Financial assistance – local roads component	2	2,193	1,734	–	–
Amount recognised as income during current year		8,998	8,750	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	–	–	–	195
Sewerage services	2	–	–	200	–
Bushfire and emergency services	2	254	320	–	–
Child care	2	–	–	7	513
Community services	2	10	3	–	–
Economic development	2	9	328	2,503	278
Employment and training programs	2	29	14	–	–
Heritage and cultural	2	–	–	23	–
Environmental programs	2	–	–	75	4
Library – per capita	2	56	55	–	–
Library	2	–	–	649	375
Library – special projects	2	–	–	24	24
NSW rural fire services	2	–	–	35	–
Noxious weeds	2	37	40	–	–
Recreation and culture	2	–	–	1,142	1,401
Street lighting	2	40	39	–	–
Transport (roads to recovery)	2	1,218	1,278	–	–
Transport (other roads and bridges funding)	2	3,561	55	4,604	2,813
Aerodrome	2	–	–	–	1,370
Caravan Park	2	–	–	671	329
Other specific grants (E-Planning Grant)	2	–	14	–	–
Previously contributions:					
Recreation and culture	2	–	–	–	100
Transport for NSW contributions (regional roads, block grant)	2	1,064	1,251	561	199
Tourism	2	1,248	–	–	–
Sewerage (excl. section 64 contributions)	2	–	–	111	272
Water supplies (excl. section 64 contributions)	2	–	–	111	105
Other contributions	2	–	–	–	2
Total special purpose grants and non-developer contributions – cash		7,526	3,397	10,716	7,980
Non-cash contributions					
Bushfire services	2	–	–	–	551
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	5,519	150
Total other contributions – non-cash		–	–	5,519	701
Total special purpose grants and non-developer contributions (tied)		7,526	3,397	16,235	8,681

B2-4 Grants and contributions (continued)

	Timing	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Total grants and non-developer contributions		16,524	12,147	16,235	8,681
Comprising:					
– Commonwealth funding		9,027	10,042	2,096	1,730
– State funding		7,497	2,105	8,309	6,380
– Other funding		–	–	5,830	571
		16,524	12,147	16,235	8,681

Developer contributions

	Notes	Timing	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Developer contributions:	G4					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – Development Contributions Plan		2	–	–	115	27
S 64 – water supply contributions		2	–	–	279	–
S 64 – sewerage service contributions		2	–	–	317	–
Service Plan # 2		2	–	–	147	7
Total developer contributions – cash			–	–	858	34
Total developer contributions			–	–	858	34
Total contributions			–	–	858	34
Total grants and contributions			16,524	12,147	17,093	8,715
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			16,524	12,147	17,093	8,715
Total grants and contributions			16,524	12,147	17,093	8,715

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	541	1,108	5,861	5,779
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,199	–	–	–
Add: capital grants received and transferred to contract liabilities	–	–	7,621	3,248
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(567)	(4,017)	(3,166)
Unspent funds at 30 June	3,740	541	9,465	5,861

Unexpended Capital Grants Include:

- NSW State Library Infrastructure Grant
- Local Roads and Community Infrastructure Grant Projects
- Fixing Local Roads Grant Projects
- Stronger Country Communities Fund projects
- Crown Land Improvement fund projects
- Resources for Regions Projects
- Pothole Repair Program
- OLG Flood Recovery Grant
- Federal Infrastructure Investment Program (Pooncarie/Menindee Road)
- Regional Leakage Reduction Program
- Regional & Local Roads Repair Program.

Contributions

Unspent funds at 1 July	700	663	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	282	37	–	–
Unspent contributions at 30 June	982	700	–	–

Unexpended Contributions include Contributions received from developers in relation to:

- Development Contribution Plan; and
- Servicing Plan # 2.

Accounting policy

Grants and contributions - enforceable agreement with sufficiently specific performance obligations

Grants 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 satisfied.

The performance obligations vary according to the agreement but include:

- Refund in cash or kind is required when the agreed specific performance has not occurred;
- The customer, or another party acting on its behalf, has a right to enforce specific performance or claim damages;
- The customer has the right to take a financial interest in assets purchased or constructed by the entity with resources provided under the agreement;
- The parties to the agreement are required to agree on alternative uses of the resources provided under the agreement; and
- An administrative process exists to enforce agreements between sovereign States or between a State and another party.

B2-4 Grants and contributions (continued)

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), where as over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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

Capital grants

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

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

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

Developer Contributions

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

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

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

Other grants and contributions

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

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	136	66
– Cash and investments	1,570	214
Total interest and investment income (losses)	1,706	280
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	136	32
General Council cash and investments	1,080	140
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	20	3
Water fund operations	321	72
Sewerage fund operations	149	33
Total interest and investment income	1,706	280

Accounting policy

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

B2-6 Other income

	Notes	2023 \$ '000	2022 \$ '000
Reversal of impairment losses on receivables			
Grants and contributions		–	84
Total reversal of impairment losses on receivables	C1-4	–	84
Rental income			
Lease income		38	47
Total rental income	C2-2	38	47
Total other income		38	131

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 \$ '000	2022 \$ '000
Salaries and wages	7,833	7,557
Travel expenses	16	–
Employee leave entitlements (ELE)	1,655	1,514
Superannuation – defined contribution plans	864	791
Superannuation – defined benefit plans	61	96
Workers' compensation insurance	495	385
Fringe benefit tax (FBT)	18	13
Training costs	70	60
Uniforms	49	51
Recruitment	65	11
Total employee costs	11,126	10,478
Less: capitalised costs	(1,162)	(813)
Total employee costs expensed	9,964	9,665

Accounting policy

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

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

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

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

B3-2 Materials and services

	Notes	2023 \$ '000	2022 \$ '000
Raw materials and consumables		3,549	3,066
Contractor costs		6,091	5,169
Audit Fees	F2-1	70	60
Councillor and Mayoral fees and associated expenses	F1-2	216	200
Advertising		33	18
Bank charges		41	47
Cleaning		112	153
Election expenses		7	79
Electricity and heating		622	563
Fire control expenses		39	45
Insurance		670	615
Office expenses (including computer expenses)		349	297
Postage		28	22
Printing and stationery		48	42
Street lighting		156	119
Subscriptions and publications		98	176
Telephone and communications		58	91
Tourism expenses (excluding employee costs)		658	292
Valuation fees		37	45
Travel expenses		12	8
Training costs (other than salaries and wages)		128	88
Other expenses		5	1
Legal expenses:			
– Legal expenses: debt recovery		53	23
– Legal expenses: other		38	16
Total materials and services		13,118	11,235
Total materials and services		13,118	11,235

Accounting policy

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

B3-3 Borrowing costs

	Notes	2023 \$ '000	2022 \$ '000
(i) Interest bearing liability costs			
Interest on loans		221	199
Total interest bearing liability costs		221	199
Total interest bearing liability costs expensed		221	199
(ii) Other borrowing costs			
– Landfill Remediation Liability	C3-5	122	117
Total borrowing costs expensed		343	316

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

	Notes	2023 \$ '000	2022 \$ '000
Depreciation and amortisation			
Plant and equipment		1,132	1,292
Office equipment		100	68
Furniture and fittings		3	4
Land improvements (depreciable)		481	289
Infrastructure:	C1-6		
– Buildings		1,049	921
– Roads		3,748	3,459
– Other structures		269	220
– Bridges		92	85
– Footpaths		80	62
– Stormwater drainage		225	225
– Water supply network		935	710
– Sewerage network		778	768
– Swimming pools		71	60
– Other open space/recreational assets		86	57
– Other infrastructure		171	154
Other assets:			
– Library books		22	25
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-6	67	66
Total gross depreciation and amortisation costs		9,309	8,465
Total depreciation and amortisation costs		9,309	8,465
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-6		
– Buildings		94	–
– Roads		1,963	–
– Other open space/recreational assets		222	–
Total gross IPPE impairment / revaluation decrement costs		2,279	–
Amounts taken through revaluation reserve	C1-6	(2,279)	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		9,309	8,465

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

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

	Notes	2023 \$ '000	2022 \$ '000
Impairment of receivables			
Other		8	10
Total impairment of receivables	C1-4	8	10
Other			
Contributions/levies to other levels of government			
– Emergency services levy		19	10
– Fire & Rescue NSW levy		30	26
– NSW rural fire service levy		393	294
Donations, contributions and assistance to other organisations (Section 356)		201	184
Total other		643	514
Total other expenses		651	524

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

	Notes	2023 \$ '000	2022 \$ '000
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		–	(59)
Gain (or loss) on disposal		–	(59)
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		164	272
Less: carrying amount of plant and equipment assets sold/written off		(60)	(74)
Gain (or loss) on disposal		104	198
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(1)	(217)
Gain (or loss) on disposal		(1)	(217)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		36,000	47,000
Less: carrying amount of investments sold/redeemed/matured		(36,000)	(47,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		103	(78)

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	10,098	9,755	(343)	(3)% U
User charges and fees	6,331	8,807	2,476	39% F
Variation is due to the higher than expected revenue received from the Buronga Landfill.				
Other revenues	1,188	552	(636)	(54)% U
Other Revenue is always variable in nature.				
Operating grants and contributions	9,901	16,524	6,623	67% F
Variation is due to an additional 25% payment of the 23/24 Financial Assistance Grant that has been received and recognised in 22/23. Council also received 100% advance payment of the Regional & Local Roads Repair Program, a fair portion of which will be spent on maintenance work therefore the revenue has been recorded in this financial year even though the majority of the expenditure will be in the 23/24 financial year.				
Capital grants and contributions	20,181	17,093	(3,088)	(15)% U
Capital works projects were delayed due to flooding or flood related works resulting in less work being completed during the year than anticipated. This resulted in Council being unable to recognise as much revenue than expected.				
Interest and investment revenue	239	1,706	1,467	614% F
The cash rate increased from 0.85% to 4.10% during the course of the financial year. The significant increase in cash during the year resulted in Council's investment revenue being significantly higher than expected.				
Net gains from disposal of assets	100	103	3	3% F
Other income	40	38	(2)	(5)% U

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	10,745	9,964	781	7% F
Materials and services	6,903	13,118	(6,215)	(90)% U
Council has incurred a significant amount of pre and post flood expenditure that was not budgeted for.				
Borrowing costs	391	343	48	12% F
Borrowing costs were under budget for the year due to Council not being required to draw down on some loans during the year.				
Depreciation, amortisation and impairment of non-financial assets	8,025	9,309	(1,284)	(16)% U
There is a timing difference between when the budget for 22/23 was set compared to the actual figure booked at 30 June. Depreciation expenses continues to grow due to ongoing revaluation increases.				
Other expenses	641	651	(10)	(2)% U
Joint ventures and associates – net losses	–	78	(78)	∞ U
This expense represents Council's share of the decrease in equity of the Joint Organisation for the year. This is a requirement of Accounting standard AASB11 - Joint Arrangements and will always be a post 30 June adjustment.				
Statement of cash flows				
Cash flows from operating activities	31,983	27,707	(4,276)	(13)% U
Cash receipts from operating activities were \$6,302,000 more than expected while cash payments from operating activities were \$10,872 more than expected. The negative balance was mainly attributed to the flood preparation and recovery costs that Council incurred during the year.				
Cash flows from investing activities	(36,847)	(26,375)	10,472	(28)% F
Payments for IPPE was less than budgeted for due to projects being delayed because of flooding.				
Cash flows from financing activities	7,146	171	(6,975)	(98)% U
Council was only required to draw down \$1,000,000 in borrowings for the year compared to a budgeted amount of \$8,000,000.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023 \$ '000	2022 \$ '000
Cash assets		
Cash on hand and at bank	5,092	2,680
Cash equivalent assets		
– Deposits at call	2,119	3,028
Total cash and cash equivalents	7,211	5,708

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	7,211	5,708
Balance as per the Statement of Cash Flows	7,211	5,708

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Debt securities at amortised cost				
Long term deposits	44,000	–	38,000	–
Total	44,000	–	38,000	–
Total financial investments	44,000	–	38,000	–
Total cash assets, cash equivalents and investments	51,211	–	43,708	–

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	51,211	43,708
Less: Externally restricted cash, cash equivalents and investments	<u>(31,251)</u>	<u>(23,096)</u>
Cash, cash equivalents and investments not subject to external restrictions	19,960	20,612
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – Contract Liabilities	<u>9,465</u>	<u>5,861</u>
External restrictions – included in liabilities	9,465	5,861
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<u>982</u>	<u>700</u>
Specific purpose unexpended grants (recognised as revenue) – general fund	<u>3,740</u>	<u>541</u>
Water fund	<u>11,162</u>	<u>10,456</u>
Sewer fund	<u>5,154</u>	<u>4,210</u>
Council reserves – caravan park	<u>214</u>	<u>219</u>
Other - T-Corp Loan Balance	<u>534</u>	<u>1,109</u>
External restrictions – other	21,786	17,235
Total external restrictions	31,251	23,096

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.

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

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	19,960	20,612
Less: Internally restricted cash, cash equivalents and investments	<u>(15,897)</u>	<u>(14,089)</u>
Unrestricted and unallocated cash, cash equivalents and investments	4,063	6,523

Internal allocations

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

Plant and vehicle replacement	<u>1,500</u>	<u>1,500</u>
Employees leave entitlement	<u>2,308</u>	<u>2,294</u>
Deposits, retentions and bonds	<u>759</u>	<u>823</u>
Capital projects	<u>1,000</u>	<u>1,000</u>
FAG received in advance	<u>7,383</u>	<u>5,302</u>
Future development	<u>1,076</u>	<u>1,076</u>
Loan guarantee	<u>–</u>	<u>4</u>
Other doubtful debts provision	<u>48</u>	<u>40</u>
Cemeteries Deposits	<u>547</u>	<u>550</u>
Caravan Park Loan	<u>1,276</u>	<u>1,500</u>
Total internal allocations	15,897	14,089

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

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

	2023 \$ '000	2022 \$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	4,063	6,523

C1-4 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	1,073	–	1,163	–
Interest and extra charges	321	–	243	–
User charges and fees	1,559	–	1,449	–
Accrued revenues				
– Interest on investments	741	–	108	–
Government grants and subsidies	1,811	–	769	–
Net GST receivable	314	–	206	–
Other debtors - Legal Costs	–	–	593	–
Total	5,819	–	4,531	–
Less: provision for impairment				
Other debtors	(48)	–	(40)	–
Total provision for impairment – receivables	(48)	–	(40)	–
Total net receivables	5,771	–	4,491	–
Externally restricted receivables				
Water supply				
– Rates and availability charges	498	–	530	–
– Other	628	–	670	–
Sewerage services				
– Rates and availability charges	288	–	288	–
– Other	91	–	66	–
Total external restrictions	1,505	–	1,554	–
Unrestricted receivables	4,266	–	2,937	–
Total net receivables	5,771	–	4,491	–

	2023 \$ '000	2022 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year	40	125
+ new provisions recognised during the year	8	–
– previous impairment losses reversed	–	(85)
Balance at the end of the year	48	40

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

Council uses the simplified approach to trade receivables when 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.

C1-4 Receivables (continued)

For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

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

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

C1-5 Inventories

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Inventories at cost				
Stores and materials	248	—	224	—
Total inventories at cost	248	—	224	—
Total inventories	248	—	224	—

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	10,357	–	10,357	11,931	–	(1)	–	–	(5,201)	–	–	17,086	–	17,086
Plant and equipment	24,997	(16,291)	8,706	1,768	–	(60)	(1,132)	–	–	–	–	25,864	(16,582)	9,282
Office equipment	759	(177)	582	173	–	–	(100)	–	–	–	–	932	(277)	655
Furniture and fittings	94	(78)	16	9	–	–	(3)	–	–	–	–	102	(80)	22
Land:														
– Operational land	4,057	–	4,057	–	–	–	–	–	–	–	5,794	9,851	–	9,851
– Community land	7,228	–	7,228	–	–	–	–	–	–	–	2,583	9,811	–	9,811
– Land under roads (post 30/6/08)	422	–	422	–	534	–	–	–	–	–	303	1,259	–	1,259
Land improvements – depreciable	16,466	(5,531)	10,935	356	485	–	(481)	–	345	(17)	–	16,529	(4,906)	11,623
Infrastructure:														
– Buildings	85,583	(45,696)	39,887	183	640	–	(1,049)	(94)	720	(3,883)	–	81,553	(45,149)	36,404
– Other structures	7,189	(2,609)	4,580	44	8	–	(269)	–	225	(51)	–	7,086	(2,549)	4,537
– Roads	218,719	(113,055)	105,664	4,236	2,095	–	(3,748)	(1,963)	638	–	6,015	238,606	(125,669)	112,937
– Bridges	13,997	(6,476)	7,521	–	–	–	(92)	–	–	–	439	14,824	(6,956)	7,868
– Footpaths	7,635	(3,718)	3,917	–	235	–	(80)	–	–	–	227	8,322	(4,023)	4,299
– Bulk earthworks (non-depreciable)	211,767	–	211,767	–	82	–	–	–	–	–	12,524	224,373	–	224,373
– Stormwater drainage	27,191	(11,623)	15,568	90	1,913	–	(225)	–	525	–	1,183	31,815	(12,761)	19,054
– Water supply network	69,788	(32,419)	37,369	7	920	–	(935)	–	45	–	2,809	76,140	(35,925)	40,215
– Sewerage network	44,872	(19,415)	25,457	291	613	–	(778)	–	2,635	–	1,905	51,871	(21,748)	30,123
– Swimming pools	3,651	(1,705)	1,946	53	–	–	(71)	–	68	(86)	–	3,335	(1,425)	1,910
– Other open space/recreational assets	1,093	(590)	503	–	–	–	(86)	(222)	–	–	393	1,422	(834)	588
– Other infrastructure	15,087	(3,442)	11,645	71	–	–	(171)	–	–	–	820	16,236	(3,871)	12,365
Other assets:														
– Library books	279	(116)	163	35	–	–	(22)	–	–	–	–	314	(138)	176
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	3,339	(228)	3,111	–	–	–	(67)	–	–	–	–	3,338	(294)	3,044
Total infrastructure, property, plant and equipment	774,570	(263,169)	511,401	19,247	7,525	(61)	(9,309)	(2,279)	–	(4,037)	34,995	840,669	(283,187)	557,482

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	22,099	–	22,099	5,251	–	(217)	–	(16,776)	–	–	10,357	–	10,357
Plant and equipment	23,440	(15,467)	7,973	2,047	–	(74)	(1,292)	52	–	–	24,997	(16,291)	8,706
Office equipment	555	(109)	446	38	166	–	(68)	–	–	–	759	(177)	582
Furniture and fittings	85	(74)	11	9	–	–	(4)	–	–	–	94	(78)	16
Land:													
– Operational land	4,057	–	4,057	–	–	–	–	–	–	–	4,057	–	4,057
– Community land	7,287	–	7,287	–	–	(59)	–	–	–	–	7,228	–	7,228
– Land under roads (post 30/6/08)	422	–	422	–	–	–	–	–	–	–	422	–	422
Land improvements – depreciable	9,563	(4,504)	5,059	1,459	–	–	(289)	3,877	–	829	16,466	(5,531)	10,935
Infrastructure:													
– Buildings	72,601	(38,185)	34,416	33	50	–	(921)	369	–	5,940	85,583	(45,696)	39,887
– Other structures	5,533	(2,052)	3,481	–	550	–	(220)	199	–	570	7,189	(2,609)	4,580
– Roads	193,125	(104,273)	88,852	5,420	261	–	(3,459)	4,985	–	9,605	218,719	(113,055)	105,664
– Bridges	12,632	(5,768)	6,864	–	–	–	(85)	–	–	742	13,997	(6,476)	7,521
– Footpaths	6,488	(3,300)	3,188	–	326	–	(62)	120	–	345	7,635	(3,718)	3,917
– Bulk earthworks (non-depreciable)	190,626	–	190,626	–	–	–	–	626	–	20,515	211,767	–	211,767
– Stormwater drainage	25,198	(9,977)	15,221	65	37	–	(225)	651	(181)	–	27,191	(11,623)	15,568
– Water supply network	58,394	(27,722)	30,672	22	55	–	(710)	3,362	–	3,968	69,788	(32,419)	37,369
– Sewerage network	47,306	(28,953)	18,353	103	63	–	(768)	2,188	–	5,518	44,872	(19,415)	25,457
– Swimming pools	3,137	(1,413)	1,724	–	–	–	(60)	–	–	282	3,651	(1,705)	1,946
– Other open space/recreational assets	662	(473)	189	–	–	–	(57)	347	–	24	1,093	(590)	503
– Other infrastructure	13,386	(2,900)	10,486	–	–	–	(154)	–	–	1,313	15,087	(3,442)	11,645
Other assets:													
– Library books	235	(91)	144	–	44	–	(25)	–	–	–	279	(116)	163
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	3,339	(162)	3,177	–	–	–	(66)	–	–	–	3,339	(228)	3,111
Total infrastructure, property, plant and equipment	700,170	(245,423)	454,747	14,447	1,552	(350)	(8,465)	–	(181)	49,651	774,570	(263,169)	511,401

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

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
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
		Stormwater assets	
Water and sewer assets		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 80
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
		Other infrastructure assets	
Transportation assets		Swimming pools	50
Sealed roads: surface	20	Unsealed roads	20
Sealed roads: structure	50	Other open space/recreational assets	20
Unsealed roads	20	Other infrastructure	20
Bridge: concrete	100		
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 amount arising on revaluation are credited to the IPPE revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against the IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

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

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

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

Crown reserves

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

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

Rural Fire Service assets

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

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

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/23			as at 30/06/22		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
Water supply						
WIP	2,047	–	2,047	1,107	–	1,107
Plant and equipment	43	21	22	43	18	25
Infrastructure	76,140	35,925	40,215	69,788	32,419	37,369
Total water supply	78,230	35,946	42,284	70,938	32,437	38,501
Sewerage services						
WIP	1,397	–	1,397	3,428	–	3,428
Land						
– Improvements – depreciable	33	16	17	13	8	5
Infrastructure	51,871	21,748	30,123	44,872	19,415	25,457
Total sewerage services	53,301	21,764	31,537	48,313	19,423	28,890
Total restricted infrastructure, property, plant and equipment	131,531	57,710	73,821	119,251	51,860	67,391

Infrastructure, property, plant and equipment – current year impairments

	2023 \$ '000	2022 \$ '000
(iii) Impairment losses recognised direct to equity (ARR):		
– Details of each impaired asset incl. circumstances of impairment	–	–
Impairment of Buildings due to flooding	(94)	–
Impairment of Playgrounds due to flooding	(222)	–
Impairment of Roads due to flooding	(1,963)	–
Total impairment losses	(2,279)	–
Impairment of assets – direct to equity (ARR)	(2,279)	–

C1-7 Intangible assets

Intangible assets are as follows:

	2023 \$ '000	2022 \$ '000
Goodwill		
Opening values at 1 July		
Gross book value	184	184
Net book value – opening balance	184	184
Closing values at 30 June		
Gross book value	184	184
Total Goodwill – net book value	184	184
Total intangible assets – net book value	184	184

Accounting policy

Intangible Assets

An intangible asset is an identifiable, non-monetary asset without physical substance. The identifiable criterion is met when the intangible asset is separable (ie it can be sold, transferred or licenced), or where it arises from contractual or other legal rights.

Acquired intangible assets

Intangible assets are measured initially at cost. Cost includes (a) the fair value of the consideration given to acquiring the asset; and (b) any costs directly attributable to the transaction, such as relevant professional fees or taxes.

Subsequent measurement

Intangible assets with definite useful lives are considered for impairment where there is an indication that the asset has been impaired. Intangible assets with indefinite useful lives should be tested annually for impairment, as well as whenever there is an indication of impairment.

C1-8 Other

Other assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Prepayments	201	–	211	–
Total other assets	201	–	211	–

C2 Leasing activities

C2-1 Council as a lessee

Council currently has no leases in place.

Leases at significantly below market value – concessionary / peppercorn leases

Council has no leases that are significantly below market value.

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 as IPP&E in the Statement of Financial Position.

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

	2023 \$ '000	2022 \$ '000
Lease income (excluding variable lease payments not dependent on an index or rate)	38	47
Total income relating to operating leases for investment property assets	38	47

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

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

< 1 year	100	100
1–2 years	102	102
2–3 years	104	104
3–4 years	106	106
4–5 years	108	108
> 5 years	570	570
Total undiscounted lease payments to be received	1,090	1,090

Accounting policy

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

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

If the lease contains lease and non-lease components then 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.

C3 Liabilities of Council

C3-1 Payables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Accrued expenses:				
– Borrowings	9	–	10	–
– Salaries and wages	178	–	144	–
– Other expenditure accruals	2,411	–	1,308	–
Trust account – money held in trust	759	–	823	–
Prepaid rates	418	–	390	–
Total payables	3,775	–	2,675	–

Payables relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Sewer	40	–	–	–
Total payables relating to restricted assets	40	–	–	–
Total payables	3,775	–	2,675	–

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

		2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	9,465	–	5,861	–
Total grants received in advance		9,465	–	5,861	–
User fees and charges received in advance:					
Other - Cemeteries Deposits	(ii)	547	–	550	–
Total user fees and charges received in advance		547	–	550	–
Total contract liabilities		10,012	–	6,411	–

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) Council has received funds for Cemeteries Reservations prior to the satisfaction of the performance obligations.

Contract liabilities relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Unspent grants held as contract liabilities (excl. Water & Sewer)	9,465	–	5,861	–
Contract liabilities relating to externally restricted assets	9,465	–	5,861	–
Cemeteries Deposits	547	–	550	–
Contract liabilities relating to internally restricted assets	547	–	550	–
Total contract liabilities relating to restricted assets	10,012	–	6,411	–
Total contract liabilities	10,012	–	6,411	–

Significant changes in contract liabilities

Council has received significant grant funding in advance from the following funding programs:

- Crown Reserves Improvement Fund
- NSW Fixing Local Roads
- Local Roads and Community Infrastructure
- Stronger Country Communities Fund Round
- Resources for Regions
- Pothole Repair Program
- Local and Regional Roads Repair Program
- Office of Local Government (Natural Disaster Funding)
- Transport for NSW (Natural Disaster Funding)
- Transport for NSW (Pooncarie/Menindee Road Upgrade)

C3-2 Contract Liabilities (continued)

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Loans – secured ¹	956	7,011	780	7,016
Total borrowings	956	7,011	780	7,016

(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 18.

Borrowings relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Sewer	72	539	70	611
Borrowings relating to externally restricted assets	72	539	70	611
Total borrowings relating to restricted assets	72	539	70	611
Total borrowings relating to unrestricted assets	884	6,472	710	6,405
Total borrowings	956	7,011	780	7,016

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	7,796	(829)	1,000	–	–	–	7,967
Total liabilities from financing activities	7,796	(829)	1,000	–	–	–	7,967

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	6,021	(625)	2,400	–	–	–	7,796
Total liabilities from financing activities	6,021	(625)	2,400	–	–	–	7,796

(b) Financing arrangements

	2023 \$ '000	2022 \$ '000
Total facilities		
Credit cards/purchase cards	40	40
Bank Guarantee	54	54
Total financing arrangements	94	94
Undrawn facilities		
– Credit cards/purchase cards	40	40
– Bank Guarantee	54	54
Total undrawn financing arrangements	94	94

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans are secured over future cash flows.

Bank overdrafts

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	865	–	907	–
Long service leave	1,162	158	1,112	152
Gratuities	122	–	124	–
Total employee benefit provisions	2,149	158	2,143	152

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

	2023 \$ '000	2022 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	987	1,037
	987	1,037

Description of and movements in provisions

	ELE provisions			
	Annual leave \$ '000	Long service leave \$ '000	Gratuities \$ '000	Total \$ '000
2023				
At beginning of year	907	1,264	124	2,295
Additional provisions	715	223	10	948
Amounts used (payments)	(757)	(167)	(10)	(934)
Remeasurement effects	–	–	(2)	(2)
Total ELE provisions at end of year	865	1,320	122	2,307
2022				
At beginning of year	915	1,420	169	2,504
Additional provisions	666	114	–	780
Amounts used (payments)	(674)	(270)	(37)	(981)
Remeasurement effects	–	–	(8)	(8)
Total ELE provisions at end of year	907	1,264	124	2,295

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

C3-4 Employee benefit provisions (continued)

On-costs

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

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

C3-5 Provisions

	2023 Current \$ '000	2023 Non-Current \$ '000	2022 Current \$ '000	2022 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	2,835	–	2,713
Sub-total – asset remediation/restoration	–	2,835	–	2,713
Total provisions	–	2,835	–	2,713
Total provisions relating to unrestricted assets	–	2,835	–	2,713
Total provisions	–	2,835	–	2,713

Description of and movements in provisions

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
2023		
At beginning of year	2,713	2,713
Unwinding of discount	122	122
Total other provisions at end of year	2,835	2,835
2022		
At beginning of year	2,596	2,596
Unwinding of discount	117	117
Total other provisions at end of year	2,713	2,713

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the Buronga Landfill.

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

C3-5 Provisions (continued)

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

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
Income from continuing operations			
Rates and annual charges	6,581	1,352	1,822
User charges and fees	7,371	1,436	–
Interest and investment revenue	1,190	353	163
Other revenues	551	1	–
Grants and contributions provided for operating purposes	16,490	18	16
Grants and contributions provided for capital purposes	14,607	1,309	1,177
Net gains from disposal of assets	103	–	–
Other income	38	–	–
Total income from continuing operations	46,931	4,469	3,178
Expenses from continuing operations			
Employee benefits and on-costs	9,106	687	171
Materials and services	11,545	1,174	399
Borrowing costs	331	–	12
Depreciation, amortisation and impairment of non-financial assets	7,593	937	779
Other expenses	495	67	89
Share of interests in joint ventures and associates using the equity method	78	–	–
Total expenses from continuing operations	29,148	2,865	1,450
Operating result from continuing operations	17,783	1,604	1,728
Net operating result for the year	17,783	1,604	1,728
Net operating result attributable to each council fund	17,783	1,604	1,728
Net operating result for the year before grants and contributions provided for capital purposes	3,176	295	551

D1-2 Statement of Financial Position by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	(9,105)	11,162	5,154
Investments	44,000	–	–
Receivables	4,266	1,126	379
Inventories	248	–	–
Other	201	–	–
Total current assets	39,610	12,288	5,533
Non-current assets			
Infrastructure, property, plant and equipment	483,661	42,284	31,537
Investments accounted for using the equity method	867	–	–
Intangible assets	184	–	–
Total non-current assets	484,712	42,284	31,537
Total assets	524,322	54,572	37,070
LIABILITIES			
Current liabilities			
Payables	3,735	–	40
Contract liabilities	10,012	–	–
Borrowings	884	–	72
Employee benefit provision	2,149	–	–
Total current liabilities	16,780	–	112
Non-current liabilities			
Borrowings	6,472	–	539
Employee benefit provision	158	–	–
Provisions	2,835	–	–
Total non-current liabilities	9,465	–	539
Total liabilities	26,245	–	651
Net assets	498,077	54,572	36,419
EQUITY			
Accumulated surplus	82,864	23,206	10,085
Revaluation reserves	415,214	31,365	26,334
Council equity interest	498,078	54,571	36,419
Total equity	498,078	54,571	36,419

D2 Interests in other entities

	Council's share of net assets	
	2023	2022
	\$ '000	\$ '000
Council's share of net income		
Net share of interests in joint ventures and associates using the equity method – expenses		
Joint ventures	78	195
Total net share of interests in joint ventures and associates using the equity method – expenses	78	195
Total Council's share of net income	(78)	(195)
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	867	945
Total net share of interests in joint ventures and associates using the equity method – assets	867	945
Total Council's share of net assets	867	945

D2-1 Interests in joint arrangements

Material joint ventures

The following information is provided for joint arrangements that are individually material to the Council. Included are the total amounts as per the joint arrangements financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Council is a member of the Far West Joint Organisation of Councils (FWJO). Details of Council's membership and participation is as follows:

The FWJO is a separately constituted entity pursuant to Part 7 (Sections 400O to 400ZH) of the Local Government Act (NSW) 1993, as amended and the Local Government (General) Regulation 2008.

The FWJO has the same year end date as the Council.

The principal functions of the Far West Joint Organisation will be to:

1. Establish strategic regional priorities for the joint organisation area and develop strategies and plans for delivering these priorities;
2. Provide regional leadership for the joint organisation area and to be an advocate for strategic regional priorities;
3. Identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area;
4. Enhancing strategic capacity to support member councils to deliver services to their communities; and
5. Service delivery to provide services directly to communities in the region.

The percentage ownership interest is equivalent to the percentage voting rights for all associates as follows:

FWJO comprises the Councils of the Shires of Balranald, Broken Hill, Central Darling and Wentworth. The Board of the FWJO comprises 4 voting members being the Mayors of the four member Councils, and non-voting members being the General Managers of the four member Councils, as well as three appointed members from the State Government and Cabinet (non-voting).

Wentworth Shire Council as a member of the FWJO, has a one quarter voting right (25%) in respect to the decisions of the Board.

For the 2022/2023 year, member Councils made no contributions to the FWJO.

Members of the FWJO are indemnified from liability for functions and duties carried out or omitted honestly, in good faith and with due care and diligence.

The FWJO has contracted the Executive Officer role to Broken Hill City Council.

There are no liability issues identified for Council in the short to medium term.

D2-1 Interests in joint arrangements (continued)

Far West Joint Organisation 2023	
Equity Method	\$'000
Summarised Statement of Financial Position	
Current assets	3,477
Non-current assets	-
Current liabilities	10
Non-current liabilities	-
Net assets	3,466
Summarised Statement of Income and other Comprehensive Income	
Grant funding	-
Interest income	3
Gain on Disposal	-
Total Income from Continuing Operations	3
Employee benefits	-
Borrowing costs	-
Depreciation and amortisation	-
Administration expense	(263)
Other expenses	-
Total Expense from Continuing Operations	(263)
Profit/(loss) from continuing operations	(260)
Other Comprehensive Income	-
Total Comprehensive Income	(260)
Summarised Statement of Cash Flows	
Cash flows from operating activities	(186)
Cash flows from investing activities	-
Cash flows from financing activities	-
Net Increase/(Decrease) in cash and cash equivalents	(186)
Reconciliation of carrying amount of interest in the joint arrangement to summarised financial information for FWJO accounted for using the Equity method:	
Wentworth Shire Council's share of 25% of Net Assets	867
Carrying amount	867

D2-1 Interests in joint arrangements (continued)

Joint arrangement

Principal activity		Place of business	Interest in ownership		Interest in voting	
			2023	2022	2023	2022
Council is involved in the following joint arrangement						
Name of joint arrangement:						
Far West Joint Organisation	Local Government Joint Arrangement	240 Blende St Broken Hill NSW 2880	25%	25%	25%	25%

Accounting policy

The council has determined that it has a joint arrangement with Balranald Council, Broken Hill Council and Central Darling Council in the Far West Joint Organisation.

Interest in joint arrangements are accounted for using the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures.

Under this method, the investment is initially recognised as at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. If the Council's share of losses of a joint arrangement equals or exceeds its interest in the joint arrangement, the Council discontinues recognising its share of further losses.

The Council's share in the joint arrangements gains or losses arising from transactions between itself and its joint arrangement are eliminated.

Adjustments are made to the joint arrangements accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

	Carrying value 2023 \$ '000	Carrying value 2022 \$ '000	Fair value 2023 \$ '000	Fair value 2022 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	7,211	5,708	7,211	5,708
Receivables	5,771	4,491	5,771	4,491
Investments				
– Debt securities at amortised cost	44,000	38,000	44,000	38,000
Total financial assets	56,982	48,199	56,982	48,199
Financial liabilities				
Payables	3,775	2,675	3,775	2,675
Loans/advances	7,967	7,796	7,967	7,796
Total financial liabilities	11,742	10,471	11,742	10,471

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

Council's finance area manages the cash and investments portfolio.

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

The risks associated with the instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

	2023 \$ '000	2022 \$ '000
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	512	437

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

(b) Credit risk

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

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

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

There are no significant concentrations of credit risk, other than Council has significant credit risk exposures in its local area given the nature of the business.

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to 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.

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2023				
Gross carrying amount	–	989	84	1,073
2022				
Gross carrying amount	–	1,019	144	1,163

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.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts 31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	Total \$ '000
2023						
Gross carrying amount	4,038	299	–	–	409	4,746
Expected loss rate (%)	0.00%	2.23%	29.86%	16.91%	9.92%	1.00%
ECL provision	–	7	–	–	41	48
2022						
Gross carrying amount	3,218	8	–	4	138	3,368
Expected loss rate (%)	0.00%	1.92%	1.00%	22.00%	28.00%	1.18%
ECL provision	–	–	–	1	39	40

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

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	≤ 1 Year \$ '000	payable in: 1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2023							
Payables	0.00%	759	3,016	–	–	3,775	3,775
Borrowings	2.94%	–	1,196	3,546	5,896	10,638	7,967
Total financial liabilities		759	4,212	3,546	5,896	14,413	11,742
2022							
Payables	0.00%	823	1,852	–	–	2,675	2,675
Borrowings	2.74%	–	1,071	4,784	6,109	11,964	7,796
Total financial liabilities		823	2,923	4,784	6,109	14,639	10,471

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets 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).

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment	C1-6								
Plant and equipment				–	–	9,282	8,706	9,282	8,706
Office equipment				–	–	655	582	655	582
Furniture and fittings				–	–	22	16	22	16
Swimming Pools		30/06/2023	30/06/22	–	–	1,910	1,946	1,910	1,946
Operational land		30/06/2023	30/06/20	–	–	9,851	4,057	9,851	4,057
Community Land		30/06/2023	30/06/20	–	–	9,811	7,228	9,811	7,228
Land improvements – depreciable		30/06/2023	30/06/22	–	–	11,623	10,935	11,623	10,935
Buildings		30/06/2023	30/06/22	–	–	36,404	39,887	36,404	39,887
Other structures		30/06/2023	30/06/22	–	–	4,537	4,580	4,537	4,580
Roads, Bridges, Bulk Earthworks & Land Under Roads		30/06/2023	30/06/22	–	–	346,437	325,374	346,437	325,374
Footpaths		30/06/2023	30/06/22	–	–	4,299	3,917	4,299	3,917
Stormwater drainage		30/06/2023	30/06/22	–	–	19,054	15,568	19,054	15,568
Water supply network		30/06/2023	30/06/22	–	–	40,215	37,369	40,215	37,369
Sewerage network		30/06/2023	30/06/22	–	–	30,123	25,457	30,123	25,457
Other recreational assets		30/06/2023	30/06/22	–	–	588	503	588	503
Library books		30/06/2020	30/06/20	–	–	176	163	176	163
Other Infrastructure		30/06/2023	30/06/22	–	–	12,365	11,645	12,365	11,645
Tip Assets		30/06/2020	30/06/20	–	–	3,044	3,111	3,044	3,111
Total infrastructure, property, plant and equipment				–	–	540,396	501,044	540,396	501,044

Non-recurring fair value measurements

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the values of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Operational Land comprises all of Council land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2023 using the values provided by the NSW Valuer General's Office. Generally, fair value is the most advantageous price reasonably obtained by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intended to replace the asset, the remaining useful life and condition of the asset; and cash flows from future use and disposal.

Valuations of all Council's Community Land are based on the land values provided by the NSW Valuer General's Office. As these values are not considered to be observable market evidence they have been classified as Level 3. Community Land was revalued as at 30 June 2023.

Depreciable Land Improvements comprises land improvements such as spectator mounds, gardens, mulched areas streetscaping and landscaping. These assets may be located on parks, reserves and within road reserves. They were last revalued at 30 June 2023 by Marsh Valuations Pty Ltd. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Buildings were valued by Marsh Valuations Pty Ltd at 30 June 2023 using the cost approach. The approach estimated the replacement cost of each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Other Structures comprises lighting systems, shade sails, shelters, tennis and netball courts, bbqs, etc. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period. These assets were valued by Marsh Valuations Pty Ltd at 30 June 2023.

Roads comprises the road carriageway, bus shelters, carparks, guardrails, kerb & guttering, boat ramps, wharfs and traffic facilities. The road carriage way is defined as the trafficable portion of a road, between but not including the kerb & gutter. The cost approach using Level 3 inputs was used to value the road carriage way and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were internally valued by Council Officers at 30 June 2020. The cost approach was utilised with inputs such as estimates of patterns of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Due to ongoing large increases in inflation Council undertook a desktop valuation as at 30 June 2023 on this class of assets.

Footpaths were internally valued by Council Officers at 30 June 2020 using a cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally assessed using physical inspections. Condition information is updated as changes in the network are observed through regular inspections. There has been no change to the valuation process during the reporting period. Due to ongoing large increase in inflation Council undertook a desktop valuation as at 30 June 2023 on this class of assets.

Stormwater Drainage assets comprises pits, pipes, headwalls, gross pollutant traps and various types of water quality devices. The cost approach estimated the replacement cost of each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Accordingly due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of

E2-1 Fair value measurement (continued)

some assets. There has been no changes to the valuation process during the reporting period. These assets were valued by Marsh Valuations as at 30 June 2022. In accordance with the requirements of the DPI-Water NSW Rates Reference Manual Stormwater assets had an annual indexation applied to them in between formal valuations as at 30 June 2023.

Sewerage Network and Water Supply Network assets comprises pump stations, reservoirs, treatment plants, reticulation mains, trunk mains, manholes, rising mains, pipes, valves, hydrants, standpipes. The cost approach estimated the replacement cost of each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Accordingly, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no changes to the valuation process during the reporting period. These assets were revalued by Marsh Valuation at 30 June 2022. In accordance with the requirements of the DPI-Water NSW Rates Reference Manual these assets had an annual indexation applied to them in between formal valuations as at 30 June 2023.

Swimming pools were valued by Asset Val Pty Ltd at 30 June 2018 using the cost approach. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period. These assets were revalued by Marsh Valuations as at 30 June 2023.

Other Open Space/Recreational Assets include all of Councils playground equipment. They were valued by Asset Val Pty Ltd at 30 June 2018 using the cost approach. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period. These assets were revalued by Marsh Valuations as at 30 June 2023.

Bridges were valued by Marsh Valuation (formally Asset Val Pty Ltd) at 30 June 2020 using a cost approach. Bridges were originally assessed using physical inspections. Condition information is updated as changes in the condition are observed through regular inspections. There has been no change to the valuation process during the reporting period. Due to the ongoing large increases in inflation Council undertook a desktop valuation as at 30 June 2023 on this class of assets.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	8,706	7,973	582	446	16	11	4,057	4,057
Total gains or losses for the period								
Other movements								
Purchases (GBV)	1,768	2,099	173	204	9	9	—	—
Disposals (WDV)	(60)	(74)	—	—	—	—	—	—
Depreciation and impairment	(1,132)	(1,292)	(100)	(68)	(3)	(4)	5,794	—
Closing balance	9,282	8,706	655	582	22	16	9,851	4,057

	Library books		Community land		Land imp'mts depreciable		Buildings	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	163	144	7,228	7,287	10,935	5,059	39,887	34,416
Total gains or losses for the period								
Other movements								
Purchases (GBV)	35	44	—	—	1,186	5,336	1,543	452
Other movement (revaluation)	—	—	—	—	(17)	829	(3,883)	5,940
Disposals (WDV)	—	—	—	(59)	—	—	—	—
Depreciation and impairment	(22)	(25)	2,583	—	(481)	(289)	(1,143)	(921)
Closing balance	176	163	9,811	7,228	11,623	10,935	36,404	39,887

E2-1 Fair value measurement (continued)

	Other structures		Roads		Footpaths		Stormwater drainage	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	4,580	3,481	325,374	286,764	3,917	3,188	15,568	15,221
Total gains or losses for the period								
Other movements								
Purchases (GBV)	277	749	7,585	11,282	235	446	2,528	753
Other movement (revaluation)	(51)	570	19,281	30,862	227	345	1,183	(181)
Depreciation and impairment	(269)	(220)	(5,803)	(3,544)	(80)	(62)	(225)	(225)
Closing balance	4,537	4,580	346,437	325,374	4,299	3,917	19,054	15,568

	Water supply network		Sewerage network		Swimming pools		Open space	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	37,369	30,672	25,457	18,353	1,946	1,724	503	189
Total gains or losses for the period								
Other movements								
Purchases (GBV)	972	3,439	3,539	2,354	121	—	—	347
Other movement (revaluation)	2,809	3,968	1,905	5,518	(86)	282	393	24
Depreciation and impairment	(935)	(710)	(778)	(768)	(71)	(60)	(308)	(57)
Closing balance	40,215	37,369	30,123	25,457	1,910	1,946	588	503

E2-1 Fair value measurement (continued)

	Other Infrastructure		Tip Assets		Total	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	11,645	10,486	3,111	3,177	501,044	432,648
Purchases (GBV)	71	—	—	—	20,042	27,514
Other movement (revaluation)	820	1,313	—	—	22,581	49,470
Disposals (WDV)	—	—	—	—	(60)	(133)
Depreciation and impairment	(171)	(154)	(67)	(66)	(3,211)	(8,465)
Closing balance	12,365	11,645	3,044	3,111	540,396	501,044

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer;
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
- 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). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

Description of the funding arrangements.

Pooled employers are required to pay future service employer contributions and past service employer contributions to the fund.

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

Division B	1.90 times employee contributions for non - 180 Point Members; Nil for 180 Point Members*
Division C	2.50% salaries
Division D	1.64 times employee contributions

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20 million per annum from 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$39,357.54. The last valuation of the fund was undertaken by Mr Richard Boyfield, FIAA as at 30 June 2022.

As previously notified, the past service contributions \$20M per annum remain in place and will continue to be reviewed on an annual basis or as required. The funding requirements for the defined benefit schemes are assessed by the Trustee on an annual basis with the outcome of each annual funding updated communicated in the new year. Council's expected contribution to the plan for the next annual reporting period is \$37,359.48.

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 this deficit that is broadly attributed to Council is estimated to be in the order of 0.18%

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

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

Investment return	6.0% per annum
Salary inflation	3.50% per annum
Increase in CPI	6.0% for FY22/23 2.5% per annum thereafter

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2023 \$ '000	2022 \$ '000
Compensation:		
Short-term benefits	1,428	1,345
Post Employment Benefits	141	143
Termination benefits	—	17
Total	1,569	1,505

Other transactions with KMP and their related parties

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

Nature of the transaction		Transactions during the year \$ '000 Ref	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2023						
Property Management Fees	2	1	—		—	—
Fees and Charges	3	25	11		—	—
Donations, Grants and Contributions	7	15	—		—	—
Tree/Weed Removal, Construction and Demolition work	8	203	40		—	—
Document Destruction Services, Native Nursery & Employment	10	2	—		—	—
Cleaning Services	11	88	—		—	—
Construction Works	12	1,039	28		—	—
Maintenance & Construction Works	13	14	—		—	—
Construction Works & Supply of Material	14	525	5		—	—
Contribution to Building Construction	15	193	—		—	—
AV/Telecommunication Services	17	1	—		—	—

continued on next page ...

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

Nature of the transaction		Transactions during the year \$ '000 Ref	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
Event Management and Safety Services	18	8	—		—	—
Electrical Services	19	8	1		—	—

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

Nature of the transaction		Transactions	Outstanding	Terms and conditions	Impairment	Impairment
		during the year	balances		provision on	
		\$ '000	including		outstanding	
		Ref	commitments		balances	
			\$ '000		\$ '000	\$ '000
2022						
Purchase of Heavy Plant, Parts and Service of Heavy Plant	1	24	1		—	—
Property Management Fees	2	—	—		—	—
Fees and Charges	3	13	—		—	—
Employee Remuneration relating to a close family member of a KMP	5	94	—		—	—
Supply of Hardware Materials	6	1	—		—	—
Donations, Grants and Contributions	7	11	—		—	—
Tree/Weed Removal, Construction and Demolition work	8	42	—		—	—
Document Destruction Services, Native Nursery & Employment	10	4	—		—	—
Cleaning Services	11	72	—		—	—
Construction Works	12	55	—		—	—
Maintenance & Construction Works	13	63	—		—	—
Construction Works & Supply of Material	14	674	—		—	—
Contribution to Building Construction	15	193	—		—	—
Contribution to Publication	16	31	—		—	—

1 Council purchases heavy plant, parts and has heavy plant serviced by William Adams Pty Ltd and Mildura Truck Centre Pty Ltd, companies that employee close family members of Council KMP's. Purchase of plant, services and spare parts are billed based on normal rates for such supplies and are due and payable under normal payment terms following Council's procurement process.

2 Council has an investment property that is managed by Wentworth District Real Estate Pty Ltd, a company directly controlled by a Council KMP. Commission was paid under standard industry terms following Council's procurement process

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

- 3 Fees were received in relation to the purchase of supplies from Council's store by the Wentworth Golf Club, an organisation that is jointly controlled by a Council KMP. Licence Fees for the use of a Crown Reserve for which Council is the Crown Land Manager was received from Wentworth Golf Club, an organisation that is jointly controlled by a Council KMP. Fees and Charges for Food Premises Inspections, Waste Disposal and the hire of Council parks was received by the Coomealla Memorial Sporting Club, an organisation that is jointly controlled by a Council KMP. Licence fees for the use of a Crown Reserve which Council is the Crown Land Manager from the Coomealla Memorial Sporting Club, an organisation that is jointly controlled by a Council KMP. Fees and Charges for Food Premises Inspections was received by the Gol Gol Hotel, a business that the spouse of a Council KMP is a member. Premises Inspection Fee was received from the Coomealla Fuel Station, an organisation that is jointly controlled by a Council KMP. Hire Fees for the use of Council facilities were received from Murray House an organisation that is jointly controlled by a Council KMP. Licence Fee for the use of a Crown Reserve was received from Wentworth Regional Community Association, an organisation that is jointly controlled by a Council KMP. Planning Fees were received from the Greater Murray Darling Junction Inc, an organisation that is jointly controlled by a Council KMP. Licence Fees for the use of a Crown Reserve was received from Wentworth District Community Medical Inc, Wentworth District Racing Club and Wentworth Makers, organisations that are jointly controlled by a Council KMP. Licence Fee for the use of a Crown Reserve was received from the Wentworth Bowls Club, an organisation jointly controlled by a Council KMP. Council charges Landfill fees to Wall Construction and Waters Excavations, business controlled by close family members of two Council KMP's. Fees were charged at normal trading terms following an arms length transaction.
- 5 A close family member of a Council KMP's is employed by Council under the Local Government State Award on an arm's length basis.
- 6 Council purchases hardware supplies from Wheeldon's Hardware, a business directly controlled by a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 7 Council approved Financial Assistance Contributions to Wentworth Rotary Club, Murray House Aged Care, Wentworth Pioneer Homes, Wentworth Regional Community Association, Greater Murray Darling Junction Inc, Wentworth District Community Medical Inc, Wentworth Regional Tourism and Wentworth Makers as part of Council's annual Financial Assistance program. All of these organisations are jointly controlled by Council KMP's.
- 8 Council incurred transactions during the year with XCAV8IT, a business that is directly controlled by a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 10 Council incurred transactions with the Christie Centre Inc, an organisation that is jointly controlled by a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. The Christie Centre also employs a close family member of a Council KMP.

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

- 11 Council incurred transactions with KNH Cleaning Services, a business owned by a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 12 Council incurred transactions with Mallee Sheds a family owned company of a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 13 Council incurred transactions with Stockman's Plumbing a family owned company of a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 14 Council incurred transactions with Wall Constructions and Waters Excavations Pty Ltd, companies owned by close family members of Council KMP's. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 15 Dareton Men in a Shed is jointly controlled by a close family member of a Council KMP. Council has assisted the organisation in securing funding to construct a new shed to operate from. Payments from Council to the organisation are being made in line with the payment schedule outlined in the funding agreement between Council and the funding provider. Payments were made based on standard commercial arrangements.
- 16 Wentworth Regional Tourism Inc is an organisation that is jointly controlled by a Council KMP. Council made a contribution to the organisation to assist in the production of the 2022 Wentworth Official Visitors Guide. The contribution was made to help assist in the post Covid economic recovery for the local government area.
- 17 Council incurred transactions with A2ZAV, a business owned by a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were payable under normal payment terms following Council's procurement process.
- 18 Council incurred transactions with Event Management, Admin and Safety Services a business owned by a Council KMP. Amounts were billed based on normal rates for such supplies and were payable under normal payment terms following Council's procurement process.
- 19 Council incurred transactions with BRW Electrical, a business owned by a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were payable under the normal payment terms following Council's procurement process.

F1-2 Councillor and Mayoral fees and associated expenses

	2023 \$ '000	2022 \$ '000
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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	113	98
Other Councillors' expenses (including Mayor)	75	77
Total	216	200

F2 Other relationships

F2-1 Audit fees

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

Auditors of the Council - NSW Auditor-General:

Audit and other assurance services

Audit and review of financial statements	70	60
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Remuneration for audit and other assurance services	70	60
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Total Auditor-General remuneration	70	60
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Total audit fees	70	60
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G Other matters

G1-1 Statement of Cash Flows information

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

	2023 \$ '000	2022 \$ '000
Net operating result from Income Statement	21,115	11,377
Add / (less) non-cash items:		
Depreciation and amortisation	9,309	8,465
(Gain) / loss on disposal of assets	(103)	78
Non-cash capital grants and contributions	(5,519)	(701)
Unwinding of discount rates on reinstatement provisions	122	117
Share of net (profits)/losses of associates/joint ventures using the equity method	78	195
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,288)	(421)
Increase / (decrease) in provision for impairment of receivables	8	(85)
(Increase) / decrease of inventories	(24)	(58)
(Increase) / decrease of other current assets	10	(55)
Increase / (decrease) in accrued interest payable	(1)	–
Increase / (decrease) in other accrued expenses payable	423	(201)
Increase / (decrease) in other liabilities	(36)	250
Increase / (decrease) in contract liabilities	3,601	93
Increase / (decrease) in employee benefit provision	12	(209)
Net cash flows from operating activities	27,707	18,845

(b) Non-cash investing and financing activities

Bushfire assets	–	551
Developer contributions 'in kind'	5,519	150
Total non-cash investing and financing activities	5,519	701

G2-1 Commitments

Capital commitments (exclusive of GST)

	2023 \$ '000	2022 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	1,313	597
Buildings	9,226	1,014
Plant and equipment	441	1,246
Other	1,746	1,256
Road infrastructure	1,767	2,953
Total commitments	14,493	7,066
These expenditures are payable as follows:		
Within the next year	14,493	7,066
Total payable	14,493	7,066
Sources for funding of capital commitments:		
Unrestricted general funds	3,365	4,914
Unexpended grants	5,754	1,625
Externally restricted reserves	233	378
Unexpended loans	5,141	149
Total sources of funding	14,493	7,066

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2023

G4-1 Summary of developer contributions

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Development Contribution Plan	208	115	—	—	6	—	—	329	—
Service Plan # 2	492	147	—	—	14	—	—	653	—
S7.11 contributions – under a plan	700	262	—	—	20	—	—	982	—
Total S7.11 and S7.12 revenue under plans	700	262	—	—	20	—	—	982	—
Total contributions	700	262	—	—	20	—	—	982	—

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

G4-2 Developer contributions by plan

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN 1									
Development Contribution Plan	208	115	—	—	6	—	—	329	—
Service Plan # 2	492	147	—	—	14	—	—	653	—
Total	700	262	—	—	20	—	—	982	—

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 20222021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	3,997	10.69%	8.62%	2.39%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	37,382				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	20,858	38.29%	50.06%	44.97%	> 60.00%
Total continuing operating revenue ¹	54,475				
3. Unrestricted current ratio					
Current assets less all external restrictions	24,675	3.90x	4.76x	3.79x	> 1.50x
Current liabilities less specific purpose liabilities	6,328				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	13,649	11.65x	12.36x	14.41x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,172				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,394	12.34%	12.86%	12.95%	< 10.00%
Rates and annual charges collectable	11,297				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	51,211	22.30	20.95	20.14	> 3.00
Monthly payments from cash flow of operating and financing activities	2,296	months	months	months	months

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	9.80%	5.60%	9.34%	26.60%	27.54%	24.10%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	33.59%	43.80%	70.31%	96.91%	62.46%	83.49%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.90x	4.76x	∞	∞	49.40x	65.20x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9.55x	9.55x	∞	∞	111.83x	93.38x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	7.48%	7.45%	36.83%	40.74%	15.81%	16.49%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	16.70	15.34	76.67	75.81	83.58	75.97	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months	months	months	months	months	months

(1) - (2) Refer to Note G6-1 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 Financial review

Key financial figures of Council over the past 5 years

	2023 \$ '000	2022 \$ '000	2021 \$ '000	2020 \$ '000	2019 \$ '000
Inflows:					
Rates and annual charges revenue	9,755	9,529	9,164	8,822	8,635
User charges revenue	8,807	9,600	7,582	7,798	5,422
Interest and investment revenue (losses)	1,706	280	245	586	886
Grants income – operating and capital	32,759	20,828	22,088	18,463	10,992
Total income from continuing operations	54,578	41,855	40,306	36,921	33,994
Sale proceeds from IPPE	164	272	314	279	440
New loan borrowings and advances	1,000	2,400	2,000	–	–
Outflows:					
Employee benefits and on-cost expenses	9,964	9,665	8,792	8,790	9,280
Borrowing costs	343	316	375	206	216
Materials and contracts expenses	13,118	11,235	9,553	10,623	5,464
Total expenses from continuing operations	33,463	30,478	27,985	29,286	27,534
Total cash purchases of IPPE	20,539	15,577	18,280	15,711	11,288
Total loan repayments (incl. finance leases)	829	625	273	245	240
Operating surplus/(deficit) (excl. capital income)	4,022	2,662	597	(665)	(84)
Financial position figures					
Current assets	57,431	48,634	42,700	34,656	34,146
Current liabilities	16,892	12,009	11,985	7,385	4,381
Net current assets	40,539	36,625	30,715	27,271	29,765
Available working capital (Unrestricted net current assets)	4,496	6,670	4,675	4,813	5,474
Cash and investments – unrestricted	4,063	6,523	5,284	4,337	4,633
Cash and investments – internal restrictions	15,897	14,089	10,928	10,583	11,199
Cash and investments – total	51,211	43,708	38,393	28,418	30,327
Total borrowings outstanding (loans, advances and finance leases)	7,967	7,796	6,021	4,294	4,539
Total value of IPPE (excl. land and earthworks)	595,375	551,096	497,778	473,938	447,222
Total accumulated depreciation	283,187	263,169	245,423	234,023	223,148
Indicative remaining useful life (as a % of GBV)	52%	52%	51%	51%	50%

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

H1-2 Council information and contact details

Principal place of business:

26-28 Adelaide Street
Wentworth NSW 2648

Contact details**Mailing Address:**

PO Box 81
Wentworth NSW 2648

Telephone: 03 5027 5027

Facsimile: 03 5027 5000

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: www.wentworth.nsw.gov.au

Email: council@wentworth.nsw.gov.au

Officers**General Manager**

Ken Ross

Responsible Accounting Officer

Simon Rule

Public Officer

Simon Rule

Auditors

Audit Office of NSW
Darling Park Tower 2, Level 19
201 Sussex Street
Sydney NSW 2000

Elected members**MAYOR**

Tim Elstone

COUNCILLORS

Brian Beaumont
Steve Cooper
Peter Crisp
Tim Elstone
Steve Heywood
Daniel Linklater
Jane MacAllister
Susan Nichols
Jo Rodda

Other information

ABN: 96 283 886 815



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Wentworth Shire Council

To the Councillors of Wentworth Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

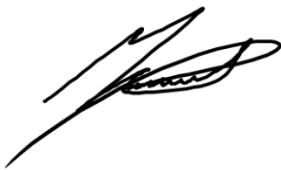
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Manuel Moncada
Delegate of the Auditor-General for New South Wales

30 October 2023
SYDNEY



Cr Daniel Linklater
Mayor
Wentworth Shire Council
PO Box 81
WENTWORTH NSW 2648

Contact: Manuel Moncada
Phone no: 02 9275 7333
Our ref: R008-16585809-47100

30 October 2023

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	9.76	9.53	↑ 2.4
Grants and contributions revenue	33.62	20.86	↑ 61.2
Operating result from continuing operations	21.12	11.38	↑ 85.6
Net operating result before capital grants and contributions	4.02	2.66	↑ 51.1

Council's operating result (\$21.12 million including the effect of depreciation and amortisation expense of \$9.31 million) was \$9.74 million higher than the 2021–22 result due to the receipt of additional grants and contributions.

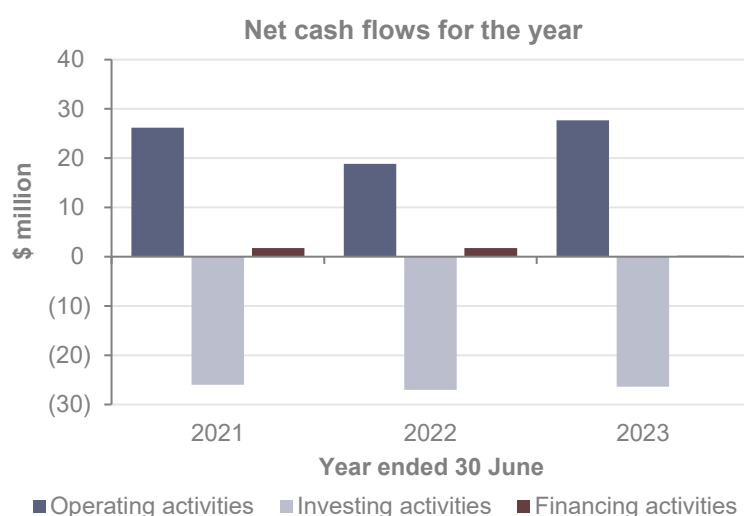
The net operating result before capital grants and contributions (\$4.02 million) was \$1.36 million higher than the 2021–22 result. This was mainly due to increased income from grants provided for operating purposed.

Rates and annual charges revenue (\$9.76 million) increased by \$0.23 million (2.4 per cent) in 2022–2023.

Grants and contributions revenue (\$33.62 million) increased by \$12.76 million (61.2 per cent) in 2022–2023 due to the recognition of additional revenue from grant funded projects for transport and other infrastructure and an increased in advance payments for financial assistance grants.

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 and reveals that cash increased by \$1.5 million to \$7.2 million at the close of the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	51.2	43.7	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, contributions and loans, and water and sewerage funds. Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	31.3	23.1	
• Internal allocations	15.9	14.1	

Debt

After repaying principal and interest of \$1.2 million and taking up new borrowings of \$1 million, total debt as at 30 June 2023 was \$8 million (2022: \$7.8 million).

PERFORMANCE

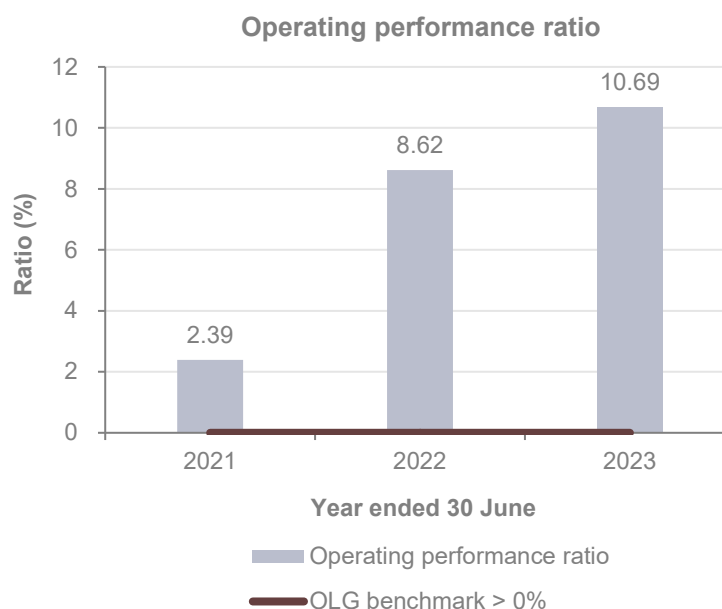
Performance measures

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

Operating performance ratio

The Council met the OLG benchmark for the current reporting period.

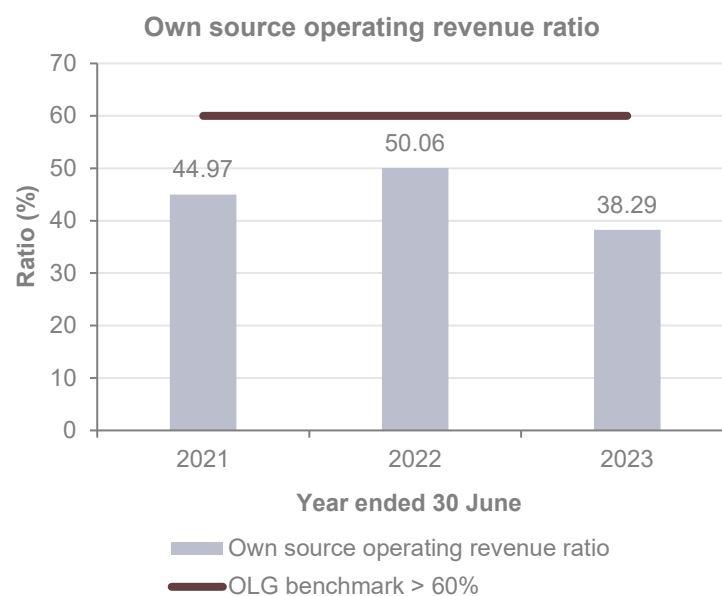
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

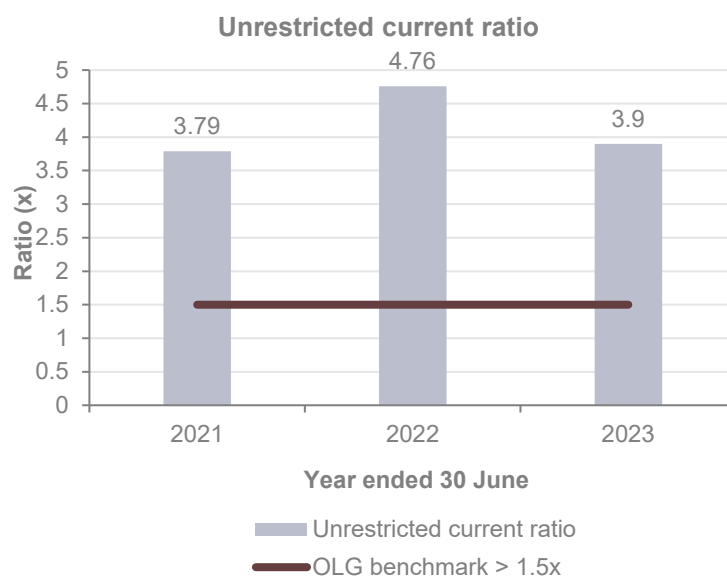
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council met the OLG benchmark for the current reporting period.

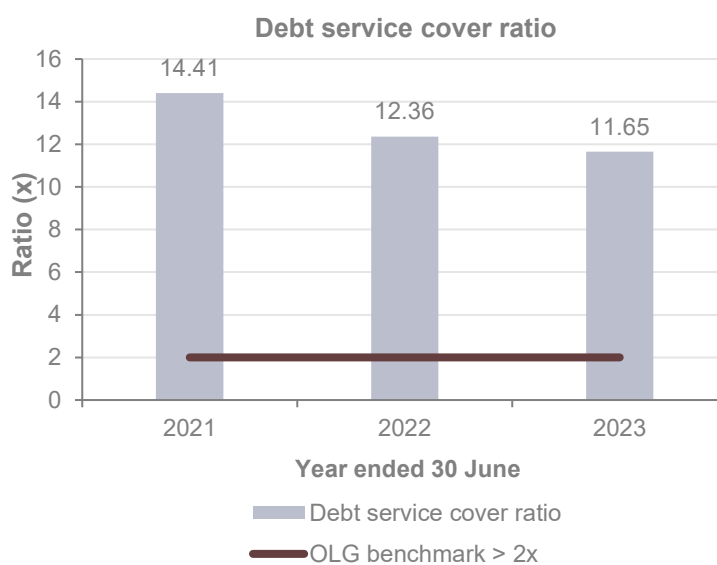
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council met the OLG benchmark for the current reporting period.

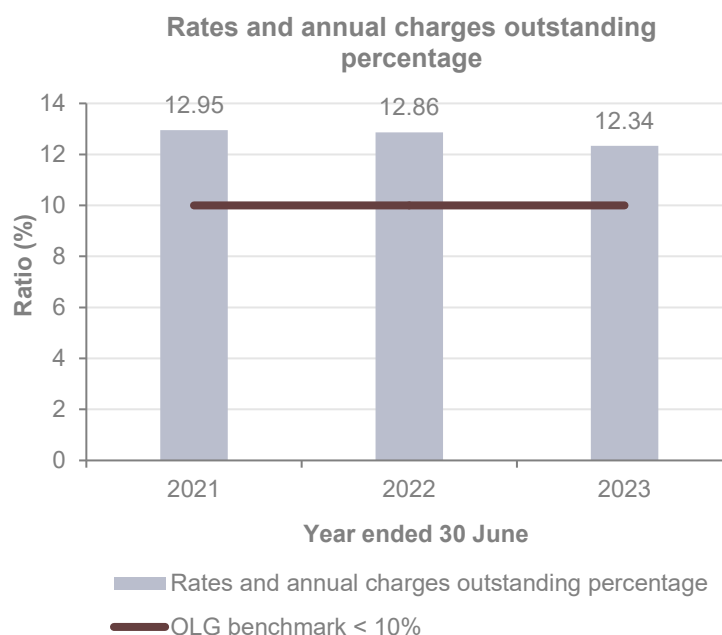
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

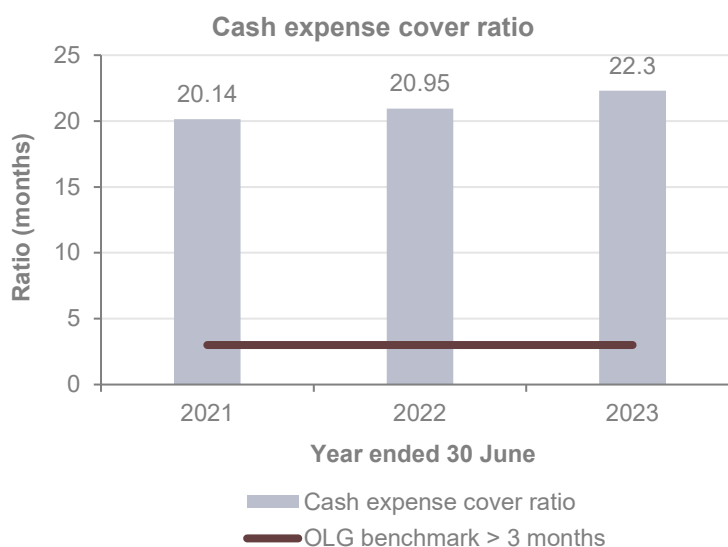
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for metropolitan councils.



Cash expense cover ratio

The Council met the OLG 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's asset renewal additions for the year were \$19.2 million compared \$14.4 million for the prior year
- The level of asset renewals during the year represented 206 percent of the total depreciation expense (\$9.3 million) for the year.

OTHER MATTERS

Legislative compliance

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

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

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.

A handwritten signature in black ink, appearing to read 'Manuel Moncada', with a stylized, cursive script.

Manuel Moncada
Delegate of the Auditor-General for New South Wales

Wentworth Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Special Purpose Financial Statements

for the year ended 30 June 2023

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Background

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

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

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

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

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

Wentworth Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 18 October 2023.



Daniel Linklater

Mayor

18 October 2023



Susan Nichols

Deputy Mayor

18 October 2023



Ken Ross

General Manager

18 October 2023



Simon Rule

Responsible Accounting Officer

18 October 2023

Wentworth Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	1,352	1,301
User charges	1,342	1,470
Fees	94	102
Interest and investment income	353	72
Grants and contributions provided for operating purposes	18	18
Other income	1	9
Total income from continuing operations	3,160	2,972
Expenses from continuing operations		
Employee benefits and on-costs	687	595
Materials and services	1,168	979
Depreciation, amortisation and impairment	937	712
Water purchase charges	6	5
Other expenses	67	76
Total expenses from continuing operations	2,865	2,367
Surplus (deficit) from continuing operations before capital amounts	295	605
Grants and contributions provided for capital purposes	1,309	356
Surplus (deficit) from continuing operations after capital amounts	1,604	961
Surplus (deficit) from all operations before tax	1,604	961
Less: corporate taxation equivalent (25%) [based on result before capital]	(74)	(151)
Surplus (deficit) after tax	1,530	810
Plus accumulated surplus	21,602	20,640
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	74	151
Closing accumulated surplus	23,206	21,601
Return on capital %	0.7%	1.6%
Subsidy from Council	1,405	–
Calculation of dividend payable:		
Surplus (deficit) after tax	1,530	810
Less: capital grants and contributions (excluding developer contributions)	(1,309)	(253)
Surplus for dividend calculation purposes	221	557
Potential dividend calculated from surplus	111	279

Wentworth Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	1,822	1,746
Interest and investment income	163	33
Grants and contributions provided for operating purposes	16	17
Other income	–	1
Total income from continuing operations	2,001	1,797
Expenses from continuing operations		
Employee benefits and on-costs	171	208
Borrowing costs	12	13
Materials and services	399	307
Depreciation, amortisation and impairment	779	768
Other expenses	89	68
Total expenses from continuing operations	1,450	1,364
Surplus (deficit) from continuing operations before capital amounts	551	433
Grants and contributions provided for capital purposes	1,177	335
Surplus (deficit) from continuing operations after capital amounts	1,728	768
Surplus (deficit) from all operations before tax	1,728	768
Less: corporate taxation equivalent (25%) [based on result before capital]	(138)	(108)
Surplus (deficit) after tax	1,590	660
Plus accumulated surplus	8,357	7,589
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	138	109
Closing accumulated surplus	10,085	8,358
Return on capital %	1.8%	1.5%
Subsidy from Council	705	–
Calculation of dividend payable:		
Surplus (deficit) after tax	1,590	660
Less: capital grants and contributions (excluding developer contributions)	(1,177)	–
Surplus for dividend calculation purposes	413	660
Potential dividend calculated from surplus	207	330

Wentworth Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	11,162	10,456
Receivables	1,126	1,200
Total current assets	12,288	11,656
Non-current assets		
Infrastructure, property, plant and equipment	42,284	38,501
Total non-current assets	42,284	38,501
Total assets	54,572	50,157
Net assets	54,572	50,157
EQUITY		
Accumulated surplus	23,206	21,601
Revaluation reserves	31,365	28,556
Total equity	54,571	50,157

Wentworth Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	5,154	4,210
Receivables	379	354
Total current assets	5,533	4,564
Non-current assets		
Infrastructure, property, plant and equipment	31,537	28,891
Total non-current assets	31,537	28,891
Total assets	37,070	33,455
LIABILITIES		
Current liabilities		
Payables	40	—
Borrowings	72	70
Total current liabilities	112	70
Non-current liabilities		
Borrowings	539	611
Total non-current liabilities	539	611
Total liabilities	651	681
Net assets	36,419	32,774
EQUITY		
Accumulated surplus	10,085	8,358
Revaluation reserves	26,334	24,416
Total equity	36,419	32,774

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Wentworth Shire Council Combined Water Supplies

Comprising the whole of the operations and net assets of Council's water supply activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, which is established as a separate Special Rate Fund.

b. Wentworth Shire Council Combined Sewerage Service

Comprising the whole of the operations and net assets of Council's sewerage reticulation and treatment activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, which is established as a Special Rate Fund.

Category 2

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

Nil

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%

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

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

In accordance with the Department of Industry (DoI) – 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 DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

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

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

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

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

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

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% at 30/6/23.

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the 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 Department of Industry – Water 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 Industry – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Wentworth Shire Council

To the Councillors of Wentworth Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Manuel Moncada', with a stylized flourish at the end.

Manuel Moncada
Delegate of the Auditor-General for New South Wales

30 October 2023
SYDNEY

Wentworth Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Special Schedules

for the year ended 30 June 2023

Contents

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Special Schedules:

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Background

These Special Schedules have been designed to meet the requirements of special purpose users such as:

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS)
- the NSW Office of Water (NOW), and
- the Office of Local Government (OLG)

The financial data is collected for various uses including:

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services

Wentworth Shire Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	5,673	5,723
Plus or minus adjustments ²	b	96	69
Notional general income	$c = a + b$	5,769	5,792
Permissible income calculation			
Or rate peg percentage	e	0.70%	3.70%
Or plus rate peg amount	$i = e \times (c + g)$	40	214
Sub-total	$k = (c + g + h + i + j)$	5,809	6,006
Plus (or minus) last year's carry forward total	l	3	89
Sub-total	$n = (l + m)$	3	89
Total permissible income	$o = k + n$	5,812	6,095
Less notional general income yield	p	5,723	6,039
Catch-up or (excess) result	$q = o - p$	89	57
Carry forward to next year ³	$t = q + r + s$	89	57

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) 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 Local Government Act 1993. 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

Wentworth Shire Council

To the Councillors of Wentworth Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Manuel Moncada
Delegate of the Auditor-General for New South Wales

30 October 2023
SYDNEY

Wentworth Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2022/23 Required maintenance ^a \$ '000	2022/23 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings	27,725	27,725	338	408	36,404	81,554	47.0%	8.0%	11.0%	32.0%	2.0%
	Sub-total	27,725	27,725	338	408	36,404	81,554	47.0%	8.0%	11.0%	32.0%	2.0%
Other structures	Other structures	2,267	2,267	8	12	4,537	7,085	11.0%	21.0%	36.0%	18.0%	14.0%
	Sub-total	2,267	2,267	8	12	4,537	7,085	11.0%	21.0%	36.0%	18.0%	14.0%
Roads	Sealed roads	4,629	4,629	913	823	109,549	231,448	41.0%	49.0%	8.0%	1.0%	1.0%
	Unsealed roads	1,861	1,861	1,415	848	3,389	7,158	9.0%	42.0%	23.0%	14.0%	12.0%
	Bridges	148	148	9	—	7,870	14,825	44.0%	54.0%	1.0%	1.0%	0.0%
	Footpaths	—	—	184	92	4,299	8,322	58.0%	39.0%	3.0%	0.0%	0.0%
	Bulk earthworks	—	—	—	—	—	224,374	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	6,638	6,638	2,521	1,763	349,477	486,127	68.1%	26.3%	4.2%	0.7%	0.7%
Water supply network	Water supply network	16,747	16,747	525	621	40,215	76,122	9.0%	58.0%	19.0%	10.0%	4.0%
	Sub-total	16,747	16,747	525	621	40,215	76,122	9.0%	58.0%	19.0%	10.0%	4.0%
Sewerage network	Sewerage network	7,781	7,781	169	248	30,123	51,871	28.0%	44.0%	13.0%	6.0%	9.0%
	Sub-total	7,781	7,781	169	248	30,123	51,871	28.0%	44.0%	13.0%	6.0%	9.0%
Stormwater drainage	Stormwater drainage	2,863	2,863	56	13	19,054	31,815	30.0%	29.0%	32.0%	7.0%	2.0%
	Sub-total	2,863	2,863	56	13	19,054	31,815	30.0%	29.0%	32.0%	7.0%	2.0%
Open space / recreational assets	Swimming pools	—	—	65	73	1,910	3,335	0.0%	76.0%	24.0%	0.0%	0.0%
	Playgrounds	540	540	21	11	588	1,422	17.0%	15.0%	30.0%	30.0%	8.0%
	Sub-total	540	540	86	84	2,498	4,757	5.1%	57.8%	25.8%	9.0%	2.3%

Wentworth Shire Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying replacement amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Other infrastructure assets	Weir, Wharf Banks	812	812	21	4	12,365	16,237	35.0%	55.0%	5.0%	5.0%	0.0%
	Sub-total	812	812	21	4	12,365	16,237	35.0%	55.0%	5.0%	5.0%	0.0%
	Total – all assets	65,373	65,373	3,724	3,153	494,673	755,568	53.9%	29.6%	8.7%	6.0%	1.8%

(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

Wentworth Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	15,840	161.91%	162.10%	203.92%	> 100.00%
Depreciation, amortisation and impairment	9,783				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	65,373	12.77%	10.50%	5.31%	< 2.00%
Net carrying amount of infrastructure assets	511,759				
Asset maintenance ratio					
Actual asset maintenance	3,153	84.67%	99.10%	80.19%	> 100.00%
Required asset maintenance	3,724				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	65,373	8.65%	7.02%	3.41%	
Gross replacement cost	755,568				

(*) 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.

Wentworth Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

	General fund		Water fund		Sewer fund		Benchmark
\$ '000	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	150.58%	184.80%	214.44%	72.54%	216.32%	89.97%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	9.25%	4.87%	41.64%	56.03%	25.83%	35.07%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	75.38%	96.93%	118.29%	126.18%	146.75%	71.11%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	6.51%	3.37%	22.00%	30.00%	15.00%	19.90%	

(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.