

Mid-Western Regional Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

A prosperous and progressive community we proudly call home.



Mid-Western Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

A prosperous and progressive community we proudly call home.



Mid-Western Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Mid-Western Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

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:

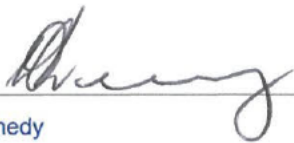
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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 16 October 2024.



Des Kennedy
Mayor
16 October 2024



Alex Karavas
Deputy Mayor
16 October 2024



Brad Cam
General Manager
16 October 2024



Neil Bungate
Chief Financial Officer
16 October 2024

Mid-Western Regional Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
	Income from continuing operations			
47,298	Rates and annual charges	B2-1	47,494	45,068
23,256	User charges and fees	B2-2	25,159	26,658
2,169	Other revenues		1,668	2,147
18,774	Grants and contributions provided for operating purposes	B2-3	18,824	22,441
29,299	Grants and contributions provided for capital purposes	B2-3	58,040	35,642
3,653	Interest and investment income		6,163	3,414
1,369	Other income		2,251	2,420
125,818	Total income from continuing operations		159,599	137,790
	Expenses from continuing operations			
35,055	Employee benefits and on-costs	B3-1	35,013	31,170
34,351	Materials and services	B3-2	35,396	39,015
759	Borrowing costs		711	783
21,684	Depreciation, amortisation and impairment of non-financial assets	B3-3	24,026	21,670
1,791	Other expenses		2,284	2,058
508	Net loss from the disposal of assets		3,437	3,623
94,148	Total expenses from continuing operations		100,867	98,319
31,670	Operating result from continuing operations		58,732	39,471
31,670	Net operating result for the year attributable to Council		58,732	39,471
2,371	Net operating result for the year before grants and contributions provided for capital purposes		692	3,829

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

Mid-Western Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
Net operating result for the year – from Income Statement		58,732	39,471
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	54,046	120,305
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-5	247	(53)
Total items which will not be reclassified subsequently to the operating result		54,293	120,252
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Asset Remediation provision movements		210	241
Other movements		–	(3)
Total items which will be reclassified subsequently to the operating result when specific conditions are met		210	238
Total other comprehensive income for the year		54,503	120,490
Total comprehensive income for the year attributable to Council		113,235	159,961

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

Mid-Western Regional Council

Statement of Financial Position

as at 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	18,140	4,651
Investments	C1-2	109,194	101,690
Receivables	C1-4	9,007	8,206
Inventories		1,654	1,526
Contract assets and contract cost assets		2,337	7,889
Other		1,037	797
Total current assets		141,369	124,759
Non-current assets			
Investments	C1-2	24,000	36,000
Infrastructure, property, plant and equipment (IPPE)	C1-5	1,384,385	1,273,847
Investment property	C1-6	9,263	9,117
Intangible assets		284	354
Right of use assets		260	409
Total non-current assets		1,418,192	1,319,727
Total assets		1,559,561	1,444,486
LIABILITIES			
Current liabilities			
Payables	C2-1	16,068	10,284
Contract liabilities	C2-2	14,828	23,571
Lease liabilities		65	78
Borrowings	C2-3	1,966	1,730
Employee benefit provisions	C2-4	7,821	7,500
Provisions	C2-5	2,872	525
Total current liabilities		43,620	43,688
Non-current liabilities			
Lease liabilities		241	382
Borrowings	C2-3	16,990	12,605
Employee benefit provisions	C2-4	677	604
Provisions	C2-5	583	2,988
Total non-current liabilities		18,491	16,579
Total liabilities		62,111	60,267
Net assets		1,497,450	1,384,219
EQUITY			
Accumulated surplus		649,940	588,354
IPPE revaluation reserve		847,510	795,865
Total equity		1,497,450	1,384,219

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

Mid-Western Regional Council

Statement of Changes in Equity

for the year ended 30 June 2024

	2024			2023		
	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	588,354	795,865	1,384,219	546,897	677,361	1,224,258
Other movements ¹	(4)	–	(4)	–	–	–
Net operating result for the year	58,732	–	58,732	39,471	–	39,471
Other comprehensive income						
Gain (loss) on revaluation of infrastructure, property, plant and equipment	–	54,046	54,046	–	120,305	120,305
Impairment (loss) reversal relating to IPP&E	–	247	247	–	(53)	(53)
– Other reserves movements (rounding)	–	–	–	(1)	(2)	(3)
Other movements (Asset remediation provision movement)	–	210	210	–	241	241
Other comprehensive income	–	54,503	54,503	(1)	120,491	120,490
Total comprehensive income	58,732	54,503	113,235	39,470	120,491	159,961
Transfers between equity items	2,858	(2,858)	–	1,987	(1,987)	–
Closing balance at 30 June	649,940	847,510	1,497,450	588,354	795,865	1,384,219

(1) Rounding adjustment for Opening Equity

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

Mid-Western Regional Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Actual 2024 \$ '000	Actual 2023 \$ '000
	Notes		
Cash flows from operating activities			
<i>Receipts:</i>			
46,993	Rates and annual charges	47,388	45,164
23,818	User charges and fees	27,477	24,656
4,332	Interest received	5,172	2,278
40,723	Grants and contributions	45,235	52,251
–	Bonds, deposits and retentions received	772	–
3,236	Other	9,558	12,806
<i>Payments:</i>			
(34,157)	Payments to employees	(34,689)	(31,074)
(38,342)	Payments for materials and services	(44,295)	(45,041)
(958)	Borrowing costs	(570)	(785)
–	Bonds, deposits and retentions refunded	(323)	(313)
(1,616)	Other	(3,050)	(2,401)
44,029	Net cash flows from operating activities	52,675	57,541
	G1-1		
Cash flows from investing activities			
<i>Receipts:</i>			
25,914	Redemption of term deposits	97,547	69,414
4,221	Proceeds from sale of IPPE	2,558	587
<i>Payments:</i>			
–	Purchase of investments	–	201
–	Acquisition of term deposits	(92,247)	(84,000)
(75,599)	Payments for IPPE	(51,583)	(42,333)
–	Purchase of intangible assets	(11)	(108)
(45,464)	Net cash flows from investing activities	(43,736)	(56,239)
Cash flows from financing activities			
<i>Receipts:</i>			
–	Proceeds from borrowings	6,350	–
<i>Payments:</i>			
(2,405)	Repayment of borrowings	(1,729)	(1,938)
–	Principal component of lease payments	(71)	(56)
(2,405)	Net cash flows from financing activities	4,550	(1,994)
(3,840)	Net change in cash and cash equivalents	13,489	(692)
11,880	Cash and cash equivalents at beginning of year	4,651	5,343
8,040	Cash and cash equivalents at end of year	18,140	4,651
	C1-1		

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

Mid-Western Regional 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 16 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993* (Act) and *Local Government (General) Regulation 2021* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- i. fair values of investment property – refer Note C1-9
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

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*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

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

- General purpose operations
- Water service
- Sewerage service
- Waste management

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by Council in trust which must be applied only for the purposes of,

A1-1 Basis of preparation

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.

Volunteer services

Council makes use of volunteers for the Community Transport program, and Meals on Wheels program. The value of these services has been included in the financial statements estimated at \$284,000 based on an average salary and on costs council would be required to pay if the services were not donated.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2024.

The following new standard is effective for the first time at 30 June 2024:

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

This Australian Accounting Standard amends AASB 101 Presentation of Financial Statements to require entities to disclose their material accounting policy information rather than their significant accounting policies. The amendment has led to a reduction of accounting policy information being disclosed by the council.

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	
	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000
Functions or activities										
Looking after our community	20,862	9,277	21,289	19,248	(427)	(9,971)	19,528	8,157	186,857	162,764
Protecting our natural environment	36,810	33,056	26,729	24,846	10,081	8,210	11,406	10,721	263,233	241,491
Building a strong local economy	6,114	5,432	5,183	4,667	931	765	1,376	1,420	46,591	40,145
Connecting the region	35,443	38,125	29,862	34,184	5,581	3,941	28,754	25,564	840,554	789,534
Good government	60,370	51,900	17,804	15,374	42,566	36,526	15,800	10,994	222,326	210,552
Other	–	–	–	–	–	–	–	1,227	–	–
Total functions and activities	159,599	137,790	100,867	98,319	58,732	39,471	76,864	58,083	1,559,561	1,444,486

B1-2 Components of functions or activities

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

Looking after our community

Animal control, public order & safety, emergency services levy, food control, health, community services, family day care, childcare, youth services, aged & disabled services, housing, town planning, public cemeteries, public toilets, libraries, art galleries, community centres, public halls, swimming pools, sporting grounds, parks & gardens, building control, and urban streetscaping.

Protecting our natural environment

Noxious plants, domestic waste management, other solid waste management, street cleaning, stormwater drainage, environmental protection, water supply, sewerage services.

Building a strong local economy

Caravan parks, tourism & area promotions, industrial development, saleyards, real estate development.

Connecting the region

Urban roads local, urban roads regional, sealed rural roads local, sealed rural roads regional, unsealed rural roads local, unsealed rural roads regional, bridges, footpaths & cycleways, aerodromes, car parking areas, state roads, street lighting.

Good government

Corporate support, operations administration, infrastructure planning, asset management, plant operations, private works, general purpose revenue, developer contributions and governance. Governance includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA) and legislative compliance.

B2 Sources of income

B2-1 Rates and annual charges

	2024 \$ '000	2023 \$ '000
Ordinary rates		
Residential	12,291	11,699
Farmland	5,195	5,014
Mining	12,032	11,561
Business	1,744	1,561
Less: pensioner rebates (mandatory)	(314)	(314)
Rates levied to ratepayers	30,948	29,521
Pensioner rate subsidies received	174	171
Total ordinary rates	31,122	29,692
Special rates		
Hunter Valley catchment special rate	165	68
Total special rates	165	68
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	2,788	2,624
Water supply services	1,803	1,737
Sewerage services	7,882	7,460
Waste management services (non-domestic)	3,904	3,662
Less: pensioner rebates (mandatory)	(387)	(387)
Annual charges levied	15,990	15,096
Pensioner annual charges subsidies received:		
– Water	66	65
– Sewerage	61	59
– Domestic waste management	90	88
Total annual charges	16,207	15,308
Total rates and annual charges	47,494	45,068

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

	2024 \$ '000	2023 \$ '000
User charges		
Water supply services	6,680	5,858
Sewerage services	943	840
Total user charges	7,623	6,698
Fees		
Planning and building regulation	1,285	1,080
Private works – section 67	190	142
Aerodrome	160	151
Aged care	157	137
Caravan park	4,204	2,494
Cemeteries	280	275
Community facility hire	136	121
Transport for NSW works (state roads not controlled by Council)	7,835	12,493
Saleyards	335	311
Swimming centres	342	253
Water connection fees	187	174
Children services	88	96
Parks and sports grounds	291	241
Waste depot	1,925	1,906
Waste water services	121	86
Total fees	17,536	19,960
Total user charges and fees	25,159	26,658
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	13,369	19,270
User charges and fees recognised at a point in time	11,790	7,388
Total user charges and fees	25,159	26,658

Material accounting policy information

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 swimming centres, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

B2-3 Grants and contributions

	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
General purpose grants and non-developer contributions (untied)				
Current year allocation				
Financial assistance – general component	335	1,344	–	–
Financial assistance – local roads component	125	813	–	–
Payment in advance - future year allocation				
Financial assistance – general component ⁱ	4,777	5,228	–	–
Financial assistance – local roads component ⁱ	2,750	3,085	–	–
Amount recognised as income during current year	7,987	10,470	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	41	–	449	53
Sewerage services	12	138	4	45
Aged care	1,100	1,111	–	–
Employment and training programs	11	85	–	–
Heritage and cultural	13	10	–	–
Library	156	112	–	–
LIRS subsidy	–	6	–	–
Natural disaster recovery	1,217	3,506	919	422
Noxious weeds	217	192	–	–
Recreation and culture ⁱⁱ	(8)	47	7,155	3,685
Aerodromes	–	(2)	–	45
Transport (other roads and bridges funding)	–	–	3,095	7,742
Children's services	506	477	–	–
Environmental programs	532	339	184	195
Youth services	87	30	–	–
Street lighting	44	58	–	–
Strategic planning	231	68	–	–
Transport (roads to recovery)	1,612	1,201	–	–
Other specific grants	210	638	4,258	1,422
Community services	–	–	–	1
Occupational health and safety	114	97	–	–
Roads and bridges	197	961	3,630	2,476
Transport for NSW contributions (regional roads, block grant)	4,412	2,612	2,433	2,714
Other contributions	133	217	–	–
Non-cash contributions				
Rural Fire Service Assets	–	–	9,549	–
Buildings and land found assets	–	–	–	2,772
Dedications - subdivisions prior years	–	–	12,210	–
Drainage found assets	–	–	2,588	–
Other	–	68	30	104
Total special purpose grants and non-developer contributions (tied)	10,837	11,971	46,504	21,676
Total grants and non-developer contributions	18,824	22,441	46,504	21,676
Comprising:				
– Commonwealth funding	10,721	11,992	473	3,251
– State funding	7,593	7,397	18,068	8,260
– Other funding	510	3,052	27,963	10,165
	18,824	22,441	46,504	21,676

(i) \$7.527m of the 2024 - 2025 Financial Assistance Grant from Commonwealth Government was received by Council in June 2024 and hence is reported as 2023/24 income although it relates to 2024 - 2025 financial year.

B2-3 Grants and contributions

(ii) The negative figure is grant funding previously recognised that had to be returned to the funding body.

Developer contributions

	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Notes				
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):				
G4				
S 7.4 – contributions using planning agreements	–	–	1,777	1,169
S 7.11 – contributions towards amenities/services	–	–	1,970	585
S 7.12 – fixed development consent levies	–	–	156	46
S 64 – water supply contributions	–	–	2,529	1,423
S 64 – sewerage service contributions	–	–	837	685
Total developer contributions – cash	–	–	7,269	3,908
Non-cash contributions				
S 7.11 – contributions towards amenities/services	–	–	2,765	5,712
S 64 – water supply contributions	–	–	587	1,513
S 64 – sewerage service contributions	–	–	915	2,833
Total developer contributions non-cash	–	–	4,267	10,058
Total developer contributions	–	–	11,536	13,966
Total grants and contributions	18,824	22,441	58,040	35,642
Timing of revenue recognition				
Grants and contributions recognised over time	6,805	10,417	22,171	13,231
Grants and contributions recognised at a point in time	12,019	12,024	35,869	22,411
Total grants and contributions	18,824	22,441	58,040	35,642

B2-3 Grants and contributions

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 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Unspent Grants				
Unspent funds at 1 July	1,242	7,272	21,273	11,370
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	26	88	24	202
Add: Funds received and not recognised as revenue in the current year	269	639	8,497	19,088
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(136)	(5,683)	(200)	(176)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(3,173)	(1,074)	(11,898)	(9,211)
Reclassification of operating/capital class	2,876	–	(2,876)	–
Reclassification from grant to contribution	(117)	–	(4,700)	–
Unspent grants at 30 June	987	1,242	10,120	21,273
Unspent Contributions				
Unspent funds at 1 July	27,633	22,675	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	151	6,090	8,440	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(68)	(1,132)	(3,613)	–
Reclassification from grant to contribution	117	–	4,700	–
Reclassification of operating/capital class	(27,430)	–	27,430	–
Adjust for change in 2023 Developer contributions opening balance	–	–	(181)	–
Unspent contributions at 30 June	403	27,633	36,776	–
Total unspent grants and contributions at 30 June	1,390	28,875	46,896	21,273

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include milestone events, percentage of completion or delivery of an outcome. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

B2-3 Grants and contributions

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2024 \$ '000	2023 \$ '000
Salaries and wages	27,333	24,796
Employee leave entitlements (ELE)	5,955	5,444
Superannuation	3,457	3,044
Workers' compensation insurance	794	739
Fringe benefit tax (FBT)	306	300
Payroll tax	175	122
Protective clothing	149	144
Other	21	55
Total employee costs	38,190	34,644
Less: capitalised costs	(3,177)	(3,474)
Total employee costs expensed	35,013	31,170

Material accounting policy information

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	2024 \$ '000	2023 \$ '000
Raw materials and consumables		7,096	7,805
Contractor costs		13,977	17,315
Labour contracts		601	509
Plant hire wet		1,498	3,747
Tourism contract		822	768
Consultancy		1,118	682
Audit Fees	F2-1	106	83
Councillor and Mayoral fees and associated expenses	F1-2	415	371
Advertising		147	108
Bank charges		141	128
Computer software charges		2,162	1,711
Election expenses		8	–
Electricity and heating		2,383	1,504
Insurance		1,600	1,244
Postage, printing and stationery		288	275
Street lighting		305	232
Subscriptions and publications		119	135
Telephone and communications		526	383
Family day care centre		387	397
Recruitment costs		42	42
Training expenses (employee)		475	432
Volunteer services expenses (Community Transport & Meals on Wheels)		284	184
Legal expenses		523	603
Expenses from leases of low value assets		359	324
Other		14	33
Total materials and services		35,396	39,015

Material accounting policy information

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

B3-3 Depreciation, amortisation and impairment of non-financial assets

	Notes	2024 \$ '000	2023 \$ '000
Depreciation and amortisation			
Right of use assets		66	79
Infrastructure, Property, Plant and Equipment	C1-5	23,677	21,498
Intangible assets		81	93
Total depreciation and amortisation costs		23,824	21,670
Impairment / revaluation decrement of IPPE			
Plant, equipment, furniture and fittings		202	–
Total impairment costs charged to Income Statement (IPPE)		202	–
Total depreciation, amortisation and impairment for non-financial assets		24,026	21,670

Material accounting policy information

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.

B4 Performance against budget

B4-1 Material budget variations

Council's original budget was adopted by the Council on 21 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Rates and annual charges	47,298	47,494	196	0% F
User charges and fees	23,256	25,159	1,903	8% F
Other revenues	2,169	1,668	(501)	(23)% U
Council has materially lower than expected income in the following areas:				
<ul style="list-style-type: none"> • Recycling income lower than expected; and • Major events Glen Willow sales lower than expected due to no premier match being held 				
Operating grants and contributions	18,774	18,824	50	0% F
Capital grants and contributions	29,299	58,040	28,741	98% F
Council has recognised \$28,644,000 of non-cash contributed assets which is materially higher than expected. These non-cash contributed assets include \$9,531,000 for the Cudgegong RFS fire control centre, \$14,798,000 to recognise assets not previously recognised, \$4,267,000 for developer contributed assets and other assets of \$48,000.				
Interest and investment revenue	3,653	6,163	2,510	69% F
A continued increase in interest rates generated higher than expected earnings on Council's cash investments.				
Other income	1,369	2,251	882	64% F
The main reason for variance is due to:				
<ul style="list-style-type: none"> • Higher than expected gain on managed fund investments of \$804,000; • \$298,000 increase in Insurance Mutual asset. The mutual had a strong result due to low claims, high investment earnings, and competitive insurance pricing; and • \$146,000 gain of investment property revaluation due to increase in property market values 				

B4-1 Material budget variations

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Expenses				
Employee benefits and on-costs	35,055	35,013	42	0% F
Materials and services	34,351	35,396	(1,045)	(3)% U
Borrowing costs	759	711	48	6% F
Depreciation, amortisation and impairment of non-financial assets	21,684	24,026	(2,342)	(11)% U
The main reasons for the variation is:				
<ul style="list-style-type: none"> • higher than expected depreciation for roads \$7.5 million; • higher than expected depreciation for sewerage network \$2.8million; and • higher than expected depreciation for the water supply network \$2.9 million 				
Other expenses	1,791	2,284	(493)	(28)% U
Council has higher than expected Other expenses due to the approval of a donation to Housing Plus for Crisis Accommodation Support for \$420,000.				
Net loss from disposal of assets	508	3,437	(2,929)	(577)% U
The original budget anticipated that the property development at Saleyards Lane would be completed and property assets sold. These sales would have resulted in a net gain of \$2.6 million from disposal of assets thus decreasing the Net loss from disposal of assets. The development project is continuing and no land sales were made during the year.				
Statement of cash flows				
Cash flows from operating activities	44,029	52,675	8,646	20% F
The main reasons for the variance is due to:				
<ul style="list-style-type: none"> • timing of the grant and contributions income received; • higher than expected earnings on Council's investments; • higher than expected user fees and charges including water charges and Caravan Park income; and • timing of creditor payments 				
Cash flows from investing activities	(45,464)	(43,736)	1,728	(4)% F
Cash flows from financing activities	(2,405)	4,550	6,955	(289)% F
Council had not originally expected to fully drawdown the Mudgee Valley Park loan for \$6,350,000 in the first year of the project. The borrowing terms required a full drawdown.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2024 \$ '000	2023 \$ '000
Cash assets		
Cash on hand and at bank	27	9
Deposits at call	18,113	4,642
Total cash and cash equivalents	18,140	4,651

C1-2 Financial investments

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Financial assets at fair value through the profit or loss				
Managed funds	11,494	–	10,690	–
Debt securities at amortised cost				
Long term deposits	97,700	24,000	91,000	36,000
Total financial investments	109,194	24,000	101,690	36,000

Material accounting policy information

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.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

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

	2024 \$ '000	2023 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	151,334	142,341
Less: Externally restricted cash, cash equivalents and investments	<u>(90,128)</u>	<u>(88,348)</u>
Cash, cash equivalents and investments not subject to external restrictions	<u>61,206</u>	<u>53,993</u>
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Trust deposits	1,100	651
Developer contributions – general	14,484	10,911
Developer contributions – water fund	12,259	9,612
Developer contributions – sewer fund	6,222	5,163
Specific purpose unexpended grants – general fund	15,054	22,494
Specific purpose unexpended grants – water fund	214	1
Specific purpose unexpended grants – sewer fund	51	–
Water fund	12,370	11,280
Sewer fund	18,583	17,488
Domestic waste management	7,519	8,407
Bequest – Simpkins park	121	101
Community services	542	505
Community tenancy scheme	331	289
Family day care	153	137
Other contributions	–	184
Public Road Closure Compensation	1,080	1,080
Other	45	45
Total external restrictions	<u>90,128</u>	<u>88,348</u>

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

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

	2024	2023
	\$ '000	\$ '000
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	7,908	8,152
Employees leave entitlement	3,497	3,297
Asset replacement	5,213	4,762
Capital program	2,921	6,108
Community plan	102	416
Council elections	262	190
Future fund	1,870	1,470
Land development	2,586	3,244
Saleyards	17	34
State roads warranty	388	388
Seal Extension Program	462	1,908
Financial Assistance Grant Received in Advance	7,526	8,313
Unspent loan	4,568	706
Total internal allocations	37,320	38,988

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

C1-4 Receivables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Rates and annual charges	1,370	–	1,274	–
Interest and extra charges	246	–	227	–
User charges and fees	3,448	–	4,277	–
Accrued revenues				
– Interest on investments	2,476	–	1,504	–
Net GST receivable	1,324	–	853	–
Other debtors	290	–	246	–
Total	9,154	–	8,381	–
Less: provision for impairment				
Rates and annual charges	(33)	–	(32)	–
User charges and fees	(114)	–	(143)	–
Total	(147)	–	(175)	–
Net receivables	9,007	–	8,206	–

Material accounting policy information

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

Impairment

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

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

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

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

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

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

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

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

C1-5 Infrastructure, property, plant and equipment

	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	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 P/L)	Impairment reversal (recognised in equity)	Adjustments and transfers	Revaluation increments (decrements)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	26,559	–	26,559	–	5,180	(36)	–	–	–	–	–	31,703	–	31,703
Plant, equipment, furniture and fittings	40,605	(18,025)	22,580	4,236	2,389	(1,962)	(3,414)	(202)	–	–	–	41,753	(18,126)	23,627
Land:														
– Operational land	72,359	–	72,359	–	556	–	–	–	–	–	–	72,915	–	72,915
– Community land	11,336	–	11,336	–	–	–	–	–	–	–	–	11,336	–	11,336
– Crown land	19,573	–	19,573	–	–	–	–	–	–	–	–	19,573	–	19,573
– Land under roads (post 30/6/08)	3,707	–	3,707	–	–	–	–	–	–	824	–	4,531	–	4,531
Land improvements	9,337	(514)	8,823	–	–	–	(129)	–	–	–	–	9,337	(643)	8,694
Infrastructure:														
– Buildings and other structures	150,464	(43,942)	106,522	5,266	8,027	(55)	(2,079)	–	–	(13)	6,771	173,365	(48,926)	124,439
– Roads, bridges and footpaths	561,122	(202,228)	358,894	17,510	8,175	(2,346)	(9,179)	–	–	–	16,883	607,799	(217,862)	389,937
– Other road assets (including bulk earthworks)	399,339	(17,046)	382,293	568	10,670	(186)	(568)	–	–	–	18,347	429,604	(18,480)	411,124
– Open space / recreational assets	41,590	(13,526)	28,064	1,152	3,485	(91)	(980)	–	–	(28)	790	47,193	(14,801)	32,392
– Stormwater drainage	49,396	(13,475)	35,921	–	6,866	(378)	(402)	–	–	(4)	969	56,795	(13,823)	42,972
– Water supply network	155,380	(70,412)	84,968	985	1,290	(59)	(2,919)	–	61	4	4,162	164,854	(76,362)	88,492
– Sewerage network	153,210	(62,113)	91,097	1,838	1,948	(893)	(2,793)	–	186	–	4,422	162,486	(66,681)	95,805
– Other infrastructure assets	28,939	(9,761)	19,178	438	5,416	(6)	(845)	–	–	41	695	36,044	(11,127)	24,917
Other assets:														
– Other	2,204	(1,021)	1,183	–	114	–	(153)	–	–	–	–	2,318	(1,174)	1,144
Tip and quarry assets	3,513	(2,723)	790	–	10	17	(216)	–	–	–	183	3,454	(2,670)	784
Total infrastructure, property, plant and equipment	1,728,633	(454,786)	1,273,847	31,993	54,126	(5,995)	(23,677)	(202)	247	–	54,046	1,875,060	(490,675)	1,384,385

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

C1-5 Infrastructure, property, plant and equipment

	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 reversal / prior period revaluation decrements reversal (via P&L)	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers ²	Revaluation increments (decrements)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
By aggregated asset class															
Capital work in progress	16,522	2	16,524	4,630	15,105	(1,497)	–	–	–	(8,150)	(53)	–	26,559	–	26,559
Equipment, furniture and fittings	35,512	(16,038)	19,474	5,060	1,436	(421)	(3,300)	60	–	271	–	–	40,605	(18,025)	22,580
Land:															
– Operational land	49,633	–	49,633	–	845	(11)	–	–	–	–	–	21,892	72,359	–	72,359
– Community land	7,592	–	7,592	1	236	(3)	–	–	–	–	–	3,510	11,336	–	11,336
– Crown land	11,607	–	11,607	–	–	(119)	–	–	–	–	–	8,085	19,573	–	19,573
– Land under roads (post 30/6/08)	2,963	–	2,963	–	–	–	–	–	–	–	–	744	3,707	–	3,707
Land improvements	8,609	(364)	8,245	–	22	–	(121)	–	–	4	–	673	9,337	(514)	8,823
Infrastructure:															
– Buildings and other structures	120,580	(30,227)	90,353	814	5,484	(84)	(1,872)	–	16	2,878	–	8,933	150,464	(43,942)	106,522
– Roads, bridges and footpaths	511,052	(181,198)	329,854	7,517	3,678	(1,678)	(8,277)	–	20	2,727	(1,121)	26,284	561,122	(202,228)	358,894
– Other road assets (including bulk earthworks)	367,051	(15,173)	351,878	177	542	–	(502)	–	–	758	1,121	28,319	399,339	(17,046)	382,293
– Stormwater drainage	37,765	(10,544)	27,221	6	2,769	(172)	(311)	–	–	60	44	6,304	49,396	(13,475)	35,921
– Water supply network	142,388	(62,954)	79,434	104	1,589	–	(2,648)	–	81	628	(44)	5,884	155,380	(70,412)	84,968
– Sewerage network	139,109	(55,088)	84,021	350	2,634	(96)	(2,552)	–	–	8	375	6,357	153,210	(62,113)	91,097
– Open space / recreational assets	37,120	(11,740)	25,380	944	369	(56)	(872)	–	–	290	–	2,009	41,590	(13,526)	28,064
– Other infrastructure	25,734	(8,589)	17,145	42	1,295	(73)	(683)	–	–	472	(375)	1,355	28,939	(9,761)	19,178
– Other	2,079	(881)	1,198	–	71	–	(140)	–	–	54	–	–	2,204	(1,021)	1,183
Tip and quarry assets	3,598	(2,544)	1,054	–	–	–	(220)	–	–	–	–	(44)	3,513	(2,723)	790
Total infrastructure, property, plant and equipment	1,518,914	(395,338)	1,123,576	19,645	36,075	(4,210)	(21,498)	60	117	–	(53)	120,305	1,728,633	(454,786)	1,273,847

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

(2) Adjustments and Transfers mostly reflect changes in the asset class of assets. The total does not net off to zero due to previously unrecognised assets being brought on during the revaluation process \$75,000, Work in Progress transferred to Operating Expenses -\$10,000.

C1-5 Infrastructure, property, plant and equipment

Material accounting policy information

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

IPPE is measured initially at cost.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

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:

Asset Class	Years	Asset Class	Years
Equipment, furniture and fittings		Buildings	18 to 280
Office equipment	5 to 20		
Office furniture	5 to 20	Stormwater assets	
Computer equipment	5 to 10	Drains	120
Vehicles	3 to 10	Culverts	120
Heavy plant/road making equipment	8 to 12		
Other plant and equipment	5 to 15		
Water network assets		Wastewater network assets	
Dams and reservoirs	20 to 200	Pump stations	10 to 70
Bores	10 to 50	Reticulation mains	40 to 300
Reticulation pipes and mains delivery	80	Rising mains	40 to 300
Treatment plants	5 to 100	Treatment plants	5 to 100
Pumps	20 to 50		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	10 to 25	Bulk earthworks	infinite
Sealed roads: structure	60 to 250	Open space/recreational assets	7 to 100
Unsealed roads	9 to 25		
Bridge: concrete	80 to 100	Other assets	4 to 150
Bridge: other	80 to 100		
Kerb, gutter and footpaths	30 to 75		

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

Revaluation model

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

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

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

C1-5 Infrastructure, property, plant and equipment

Capitalisation thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the relevant threshold shown below, provided that the estimated useful life is longer than one year. An exception to this is where an item forms part of a larger asset.

Equipment, furniture and fittings		Land	
Office equipment	\$5,000	Council land and land under road	\$1
Office furniture	\$5,000		
Computer equipment	\$5,000	Buildings	
Other plant and equipment	\$2,000	Construction	\$5,000
		Renovations	\$5,000
Water and wastewater network assets	\$10,000		
		Other infrastructure assets	
Transportation assets	\$10,000	Open space/recreational assets	\$5,000
		Other	\$5,000
Stormwater assets	\$10,000		

Land under roads

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

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

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

Crown reserves

Crown reserves under Council's care and control are recognised as assets of 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.

C1-6 Investment properties

	2024 \$ '000	2023 \$ '000
Owned investment property		
Investment Property - Building	4,180	4,047
Investment Property - Land	5,083	5,070
Total owned investment property	9,263	9,117
At fair value		
Opening balance at 1 July	9,117	8,709
– Net gain/(loss) from fair value adjustments	146	408
Closing balance at 30 June	9,263	9,117

Material accounting policy information

Investment property recognised is principally comprising commercial and residential property that is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

C2 Liabilities of Council

C2-1 Payables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Goods and services – operating expenditure	2,867	–	3,655	–
Goods and services – capital expenditure	8,924	–	3,032	–
Accrued expenses:				
– Borrowings	51	–	47	–
– Salaries and wages	1,132	–	1,119	–
– Salaries & wages oncost	225	–	–	–
Prepaid rates	1,763	–	1,774	–
Security bonds, deposits and retentions	1,100	–	651	–
Other	6	–	6	–
Total payables	16,068	–	10,284	–

Material accounting policy information

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.

C2-2 Contract Liabilities

	Notes	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	13,825	–	22,554	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	844	–	847	–
Total grants received in advance		14,669	–	23,401	–
User fees and charges received in advance:					
Other	(iii)	159	–	170	–
Total user fees and charges received in advance		159	–	170	–
Total contract liabilities		14,828	–	23,571	–

Notes

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

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

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

Material accounting policy information

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.

C2-3 Borrowings

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Loans – secured ¹	1,966	16,990	1,730	12,605
Total borrowings	1,966	16,990	1,730	12,605

(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 E.

(a) Changes in liabilities arising from financing activities

	2023 Opening Balance \$ '000	Cash flows \$ '000	2024 Closing balance \$ '000
Loans – secured	14,335	4,621	18,956
Lease liability (Note C2-1b)	460	(154)	306
Total liabilities from financing activities	14,795	4,467	19,262

	2022 Opening Balance \$ '000	Cash flows \$ '000	2023 Closing balance \$ '000
Loans – secured	16,273	(1,938)	14,335
Lease liability (Note C2-1b)	504	(44)	460
Total liabilities from financing activities	16,777	(1,982)	14,795

(b) Financing arrangements

	2024 \$ '000	2023 \$ '000
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ¹	700	700
Credit cards/purchase cards	200	200
Total financing arrangements	900	900
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	76	60
Total drawn financing arrangements	76	60
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	700	700
– Credit cards/purchase cards	124	140
Total undrawn financing arrangements	824	840

Additional financing arrangements information

Breaches and defaults

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

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

C2-3 Borrowings

Material accounting policy information

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.

C2-4 Employee benefit provisions

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Annual leave	2,106	–	2,107	–
Sick leave	934	37	897	–
Long service leave	4,692	640	4,429	604
Other leave (LIL)	89	–	67	–
Total employee benefit provisions	7,821	677	7,500	604

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

	2024 \$ '000	2023 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,684	4,384
	4,684	4,384

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C2-5 Provisions

	2024 Current \$ '000	2024 Non-Current \$ '000	2023 Current \$ '000	2023 Non-Current \$ '000
Asset remediation/restoration (future works)	2,872	583	525	2,988
Total provisions	2,872	583	525	2,988

Movements in provisions

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
2024		
At beginning of year	3,513	3,513
Changes to provision:		
– New disturbances	11	11
– Revised discount rate	(17)	(17)
Amounts used (payments)	(12)	(12)
Unwinding of discount	154	154
Other	(194)	(194)
Total	3,455	3,455
2023		
At beginning of year	3,597	3,597
Changes to provision:		
– Revised discount rate	(145)	(145)
Unwinding of discount	156	156
Other	(95)	(95)
Total	3,513	3,513

Nature and purpose of provisions

Asset remediation

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

Material accounting policy information

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

C2-5 Provisions

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.

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 2024 \$ '000	Water 2024 \$ '000	Sewer 2024 \$ '000
Income from continuing operations			
Rates and annual charges	37,760	1,868	7,866
User charges and fees	16,844	7,517	798
Interest and investment revenue	3,692	1,203	1,268
Other revenues	1,631	–	37
Grants and contributions provided for operating purposes	18,739	73	12
Grants and contributions provided for capital purposes	51,171	4,133	2,736
Other income	2,251	–	–
Total income from continuing operations	132,088	14,794	12,717
Expenses from continuing operations			
Employee benefits and on-costs	30,919	2,307	1,787
Materials and services	26,978	4,805	3,613
Borrowing costs	527	19	165
Depreciation, amortisation and impairment of non-financial assets	18,337	2,907	2,782
Other expenses	2,284	–	–
Net losses from the disposal of assets	2,470	73	894
Total expenses from continuing operations	81,515	10,111	9,241
Operating result from continuing operations	50,573	4,683	3,476
Net operating result for the year attributable to Council	50,573	4,683	3,476
Net operating result for the year before grants and contributions provided for capital purposes	(598)	550	740

D1-2 Statement of Financial Position by fund

	General 2024 \$ '000	Water 2024 \$ '000	Sewer 2024 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	12,183	2,978	2,979
Investments	73,334	17,925	17,935
Receivables	7,043	1,711	253
Inventories	1,309	304	41
Contract assets and contract cost assets	2,064	261	12
Other	1,037	–	–
Total current assets	96,970	23,179	21,220
Non-current assets			
Investments	16,118	3,940	3,942
Infrastructure, property, plant and equipment	1,186,611	97,067	100,707
Investment property	9,263	–	–
Intangible assets	284	–	–
Right of use assets	260	–	–
Total non-current assets	1,212,536	101,007	104,649
Total assets	1,309,506	124,186	125,869
LIABILITIES			
Current liabilities			
Payables	15,321	688	59
Contract liabilities	14,564	213	51
Lease liabilities	65	–	–
Borrowings	1,238	74	654
Employee benefit provision	7,821	–	–
Provisions	2,872	–	–
Total current liabilities	41,881	975	764
Non-current liabilities			
Lease liabilities	241	–	–
Borrowings	11,887	–	5,103
Employee benefit provision	677	–	–
Provisions	583	–	–
Total non-current liabilities	13,388	–	5,103
Total liabilities	55,269	975	5,867
Net assets	1,254,237	123,211	120,002
EQUITY			
Accumulated surplus	510,093	72,476	67,371
Revaluation reserves	744,144	50,735	52,631
Total equity	1,254,237	123,211	120,002

E Risks and accounting uncertainties

E1 E1-1 Risks relating to financial instruments held

(a) Market risk – interest rate and price risk

	2024 \$ '000	2023 \$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,295	1,270
Impact of a 10% movement in price of investments		
– Equity / Income Statement	1,149	1,069

(b) Credit risk

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

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

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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

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

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges		Total \$ '000
		< 5 years \$ '000	≥ 5 years \$ '000	
2024				
Gross carrying amount	–	1,368	2	1,370
2023				
Gross carrying amount	–	1,272	2	1,274

E1 E1-1 Risks relating to financial instruments held

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			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2024						
Gross carrying amount (\$'000)	9,068	180	67	2	804	10,121
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	14.20%	1.13%
ECL provision (\$'000)	-	-	-	-	114	114
2023						
Gross carrying amount (\$'000)	13,594	328	364	155	555	14,996
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	25.80%	0.95%
ECL provision (\$'000)	-	-	-	-	143	143

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer. Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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 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	Due within 1 year \$ '000	Due between 1 & 5 years \$ '000	Due after 5 years \$ '000	Total contractu al cash flows \$ '000	Carrying values \$ '000
2024							
Payables	0.00%	1,100	14,968	-	-	16,068	16,068
Borrowings	4.24%	-	2,776	10,804	9,497	23,077	18,956
Total financial liabilities		1,100	17,744	10,804	9,497	39,145	35,024
2023							
Payables	0.00%	651	9,633	-	-	10,284	10,284
Borrowings	4.44%	-	2,268	7,538	6,535	16,341	14,335
Total financial liabilities		651	11,901	7,538	6,535	26,625	24,619

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
- Investment property
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes. AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Financial assets							
Investments – 'Held for trading'		11,494	10,690	–	–	11,494	10,690
Total financial assets		11,494	10,690	–	–	11,494	10,690
Investment property							
	C1-6						
Buildings		4,180	4,047	–	–	4,180	4,047
Land		5,083	5,070	–	–	5,083	5,070
Total investment property		9,263	9,117	–	–	9,263	9,117
Infrastructure, property, plant and equipment							
	C1-5						
Work in progress		–	–	31,703	26,559	31,703	26,559
Plant, equipment, furniture and fittings		–	–	23,627	22,580	23,627	22,580
Operational land		72,915	72,359	–	–	72,915	72,359
Community land (including crown land)		–	–	30,909	30,909	30,909	30,909
Land under roads		–	–	4,531	3,707	4,531	3,707
Land improvements		–	–	8,694	8,823	8,694	8,823
Buildings and other structures		–	–	124,439	106,522	124,439	106,522
Roads, bridges and footpaths		–	–	389,937	358,894	389,937	358,894
Other Road Assets		–	–	411,124	382,293	411,124	382,293
Open space and recreational assets		–	–	32,392	28,064	32,392	28,064
Stormwater drainage		–	–	42,972	35,921	42,972	35,921
Water and Sewage networks		–	–	184,297	176,065	184,297	176,065
Other infrastructure		–	–	24,917	19,178	24,917	19,178
Other assets		–	–	1,144	1,183	1,144	1,183
Tip and quarry assets		–	–	784	790	784	790
Total infrastructure, property, plant and equipment		72,915	72,359	1,311,470	1,201,488	1,384,385	1,273,847

E2-1 Fair value measurement

Valuation techniques

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

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

Financial assets

Managed Funds – Fair value through profit and loss (FVTPL)

Valuation technique: The unit price of each fund is equal to the total fair value of the net assets held by the fund divided by the total number of units on issue for that fund. Unit prices are calculated and published daily.

Inputs Used (Level 2): Prices are observable, however, no active market exists for these funds as they are only accessible to government agencies.

Investment property

Investment Property Land – Level 2

Valuation Techniques - Market Value. This method involves the analysis of sales evidence of other properties within the region and adjustment for differences between key attributes of the properties.

APV Valuers and Asset Management revalued investment properties in 2023.

Observable inputs - Sales evidence of price per square metre of land.

Investment Property Buildings – Level 2

Valuation Techniques - Market Value. This method involves the analysis of sales evidence and comparison with the subject taking into account matters such as method of construction, size, condition, age, land area and location.

APV Valuers and Asset Management revalued investment properties in 2023.

Unobservable inputs - current replacement cost of modern equivalent asset using componentisation, asset condition, remaining life and residual value.

Infrastructure, property, plant and equipment (IPPE)

Equipment, furniture and fittings – Level 3

Valuation Techniques - Cost approach. The nature and value of equipment, furniture and fittings recognises that depreciated historic cost is a representation of fair value.

Unobservable inputs - Current replacement cost of modern equivalent asset, asset condition, useful life and residual value.

Community land – Level 3

Valuation Techniques - Market approach. Land values obtained from NSW Valuer General.

Council completed a comprehensive valuation of these assets at 30 June 2023 based on the latest Valuer General NSW valuation report as at 30 June 2022.

Land under roads – Level 3

Valuation Techniques - Market Approach. Land values obtained from NSW Valuer General and using the englobo basis of valuation. The englobo basis of valuation of land under roads is based on the concept of developing a raw land value and applying a discount.

Council completed a comprehensive revaluation of these assets at 30 June 2024.

Operational land – Level 2

Valuation Techniques - Market approach.

This method involves the analysis of sales evidence of other properties within the region and adjustment for differences between key attributes of the properties.

APV Valuers and Asset Management revalued operational land at 30 June 2023.

Unobservable inputs - price per square metre.

Land improvements - Level 3

Valuation Techniques - Cost approach.

Council completed a comprehensive valuation of these assets in 2021.

Buildings market value/income approach – Level 2

Valuation Techniques - Market approach. This method involves the analysis of sales evidence and comparison with the subject, taking into account matters such as method of construction, size, condition, age, land area and location.

APV Valuers and Asset Management revalued investment property buildings at 30 June 2023.

E2-1 Fair value measurement

Buildings replacement costs – Level 3

Valuation Techniques - Cost approach.

Due to the specialised nature of Local Government Assets, observable market inputs are often unavailable. The cost approach has been adopted for those buildings and deemed level 3.

APV Valuers and Asset Management revalued buildings at 30 June 2023.

Unobservable inputs - Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining useful lives and residual value.

Other structures, open space/recreational assets – Level 3

Valuation Techniques - Cost approach.

Due to the specialised nature of Local Government Assets observable market inputs are often unavailable. The cost approach has been adopted for other structures and deemed level 3.

Council completed a comprehensive valuation of these assets at 30 June 2021.

Unobservable inputs - Current replacement cost of modern equivalent asset, asset condition, remaining useful lives and residual value.

Roads, bridges, footpaths, bulk earthworks, stormwater – Level 3

Valuation Techniques - Depreciated replacement cost approach.

Due to the specialised nature of Local Government Assets observable market inputs are often unavailable. The cost approach has been adopted for these assets and deemed level 3.

Council completed a comprehensive valuation of these assets at 30 June 2020.

Unobservable inputs - Asset condition, remaining useful lives using componentisation.

Water supply network and sewage network – Level 3

Valuation Techniques - Cost approach.

Due to the specialised nature of Local Government Assets observable market inputs are often unavailable. This involved Council engaging APV Valuers and Asset Management to revalue water & sewer assets in 2022.

Unobservable inputs - Asset condition, remaining useful lives using componentisation.

Other assets – Level 3

Valuation Techniques - Cost approach.

Council completed a comprehensive valuation of these assets at 30 June 2021.

Unobservable inputs - Asset condition, remaining useful lives using componentisation.

Tip and quarry assets – reinstatement, rehabilitation and restoration

Valuation Techniques - Cost approach.

Unobservable inputs - Environmental legislation, timing of expected cash outflows, asset condition.

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant, equipment, furniture and fittings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Community land	Market approach - Land values obtained from the NSW Valuer General	Land value, land area, level of restriction
Land under roads	Market approach - Land values obtained from the NSW Valuer General	Extent and impact of use, market cost of land per square metre, restrictions. The market value of land varies significantly depending on the location of the land and current market conditions.
Land improvements – non depreciable	Cost approach	Asset condition
Land improvements – depreciable	Cost approach	Asset condition and remaining lives using componentisation

E2-1 Fair value measurement

	Valuation technique/s	Unobservable inputs
Buildings – replacement cost	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value
Other structures	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Roads, bridges and footpaths	Cost approach	Asset condition, remaining lives using componentisation. Unit rates per m2.
Bulk earthworks	Cost approach	Asset condition. Unit rates per m2.
Stormwater drainage	Cost approach	Asset condition, remaining lives. Unit rates per m2 or length.
Water and sewage networks	Cost approach	Asset condition, remaining lives using componentisation. Unit rates per length.
Open space/recreational assets	Cost approach	Asset condition and remaining lives using componentisation
Other assets	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Tip and quarry reinstatement assets	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition

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

	Total	
	2024	2023
	\$ '000	\$ '000
Balance at 1 July	1,201,488	1,073,941
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	54,046	98,413
Other movements		
Other movements	–	(53)
Purchases (GBV)	85,563	54,875
Disposals (WDV)	(5,995)	(4,199)
Depreciation and impairment	(23,632)	(21,491)
Other movement (rounding)	–	2
Balance at 30 June	1,311,470	1,201,488

Highest and best use

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

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

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

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

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

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

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

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% 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 2023. 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 entities' 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.

Description of any agreed allocation of a deficit or surplus on:

E3-1 Contingencies

(i) wind-up of the plan

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

(ii) the entity's withdrawal from the plan

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

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 2024 was \$107,225.05. The last valuation of the Scheme was performed by Richard Boyfield on 30 June 2023.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

* excluding other accumulation accounts and reserves in both assets and liabilities.

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2024.

(ii) CivicRisk Mutual Limited

Council is a member of CivicRisk Mutual Ltd, a mutual self-insurance scheme providing general insurance to local government.

CivicRisk Mutual Ltd membership includes the potential to share in either the net surplus or deficit of protection years depending on its past performance. Council's share of the net surplus or deficit 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

(ii) 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.

(iii) Other guarantees

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

E3-1 Contingencies

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.

ASSETS NOT RECOGNISED

Bank Guarantees

Council holds a number of bank guarantees to the value of \$2,707,463.30. Some of these guarantees are provided by various developers across the Mid-Western Region to secure performance of conditions of consent in relation to approved Developer Applications.

The guarantees will be returned once the associated conditions of consent have been satisfied.

Other guarantees relate to work performed for Council by contractors, such as construction works. The guarantees will be returned once the conditions of the contract have been satisfied.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

	2024 \$ '000	2023 \$ '000
Compensation:		
Short-term benefits	1,962	1,733
Other long-term benefits	35	26
Termination benefits	81	–
Total	2,078	1,759

Other transactions with KMP and their related parties

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

F1-2 Councillor and Mayoral fees and associated expenses

	2024 \$ '000	2023 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	47	46
Councillors' fees	222	190
Other Councillors' expenses (including Mayor)	146	135
Total	415	371

F2 Other relationships

F2-1 Audit fees

	2024 \$ '000	2023 \$ '000
Auditors of the Council - NSW Auditor-General:		
Audit of financial statements	99	76
Total fees paid or payable to the Auditor-General	99	76

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result to cash provided from operating activities

	2024 \$ '000	2023 \$ '000
Operating result	58,732	39,471
Add / (less) non-cash items:		
Depreciation and amortisation	23,824	21,670
(Gain) / loss on disposal of assets	3,437	3,623
Non-cash capital grants and contributions	(28,644)	(13,002)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
Investments classified as 'at fair value' or 'held for trading'	(1,102)	(878)
Investment property	(146)	(408)
Revaluation decrements / impairments of IPP&E direct to P&L	202	–
Other movements in reverses - IPPE adjustment and transfer	206	238
Unwinding of discount rates on reinstatement provisions	137	11
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(773)	(411)
Increase / (decrease) in provision for impairment of receivables	(28)	(3)
(Increase) / decrease of inventories	(128)	114
(Increase) / decrease of other current assets	58	(506)
(Increase) / decrease of contract asset	5,552	(4,070)
Increase / (decrease) in payables	(788)	1,108
Increase / (decrease) in accrued interest payable	4	(13)
Increase / (decrease) in other accrued expenses payable	13	(16)
Increase / (decrease) in other liabilities	663	(149)
Increase / (decrease) in contract liabilities	(8,743)	10,745
Increase / (decrease) in employee benefit provision	394	112
Increase / (decrease) in other provisions	(195)	(95)
Net cash flows from operating activities	52,675	57,541

(b) Non-cash investing and financing activities

Dedications - subdivisions prior years	12,210	–
Found assets	2,588	2,772
Rural Fire Service - Fire Control Centre	9,531	–
Developer contributions 'in kind'	4,267	10,058
Other dedications	48	135
Total non-cash investing and financing activities	28,644	12,965

G2-1 Commitments

Capital commitments (exclusive of GST)

	2024 \$ '000	2023 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings and other structures	10,536	9,716
Plant and equipment	1,888	2,884
Stormwater drainage	426	–
Other infrastructure	1,913	824
Open space and recreational assets	64	17
Roads, bridges and footpaths	342	1,457
Sewerage network	15	97
Water supply network	426	838
Total	15,610	15,833

Details of capital commitments

Material capital commitments include:

- Plant & Heavy Equipment are items ordered but not yet delivered;
- Construction of the below projects is in progress:
 - Glen Willow Training Camp building
 - Solar Array
 - New tip cell
 - Mudgee Valley Park new cabins on order

G3-1 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected the results of the council.

G4 Statement of developer contributions

G4-1 Summary of developer contributions

	Opening balance at 1 July 2023 \$ '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 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Drainage	219	291	–	1,192	19	(2)	–	527	–
Open space	2,315	830	–	–	113	(61)	–	3,197	–
Community facilities	510	136	–	–	23	(13)	–	656	–
Transport facilities	1,471	542	–	1,573	61	(353)	–	1,721	–
Car parking	267	–	–	–	10	–	–	277	–
Administration	526	171	–	–	23	(80)	–	640	–
Civic improvements	23	–	–	–	1	–	–	24	–
S7.11 contributions – under a plan	5,331	1,970	–	2,765	250	(509)	–	7,042	–
S7.12 levies – under a plan	478	156	–	–	23	–	–	657	–
Total S7.11 and S7.12 revenue under plans	5,809	2,126	–	2,765	273	(509)	–	7,699	–
S7.4 planning agreements	5,101	1,777	–	–	234	(328)	–	6,784	–
S64 contributions	14,776	3,366	–	1,502	665	(325)	–	18,482	–
Total contributions	25,686	7,269	–	4,267	1,172	(1,162)	–	32,965	–

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 2023 \$ '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 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN: MID-WESTERN REGIONAL 2005 - 2021									
Drainage	219	291	–	1,192	19	(2)	–	527	–
Open space	2,315	830	–	–	113	(61)	–	3,197	–
Community facilities	510	136	–	–	23	(13)	–	656	–
Transport management	1,471	542	–	1,573	61	(353)	–	1,721	–
Car parking	267	–	–	–	10	–	–	277	–
Administration	526	171	–	–	23	(80)	–	640	–
Civic improvements	23	–	–	–	1	–	–	24	–
Total	5,331	1,970	–	2,765	250	(509)	–	7,042	–

S7.12 Levies – under a plan

CONTRIBUTION PLAN: MID-WESTERN REGIONAL 2005 - 2021

94A	478	156	–	–	23	–	–	657	–
Total	478	156	–	–	23	–	–	657	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	3,098	3.09%	6.13%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	100,311			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	81,487	51.46%	57.45%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions ¹	158,351			
3. Unrestricted current ratio				
Current assets less all external restrictions	70,339	3.84x	4.59x	> 1.50x
Current liabilities less specific purpose liabilities	18,295			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	27,633	11.00x	10.31x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,511			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	1,583	3.21%	3.15%	< 10.00%
Rates and annual charges collectable	49,322			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus term deposits	139,840	19.81 months	19.36 months	> 3.00 months
Payments from cash flow of operating and financing activities	7,061			

(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, impairment losses on receivables, 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
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1.06%	5.63%	5.84%	0.29%	16.36%	16.37%	> 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	46.57%	54.14%	71.57%	74.69%	78.39%	70.65%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.84x	4.59x	30.08x	18.59x	29.74x	17.39x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	14.95x	13.77x	9.14x	6.78x	5.72x	5.26x	> 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	3.23%	3.03%	3.34%	3.90%	3.10%	3.51%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus term deposits	10.81 months	15.78 months	70.37 months	36.22 months	84.50 months	43.97 months	> 3.00 months
Payments from cash flow of operating and financing activities							

(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, impairment losses on receivables, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

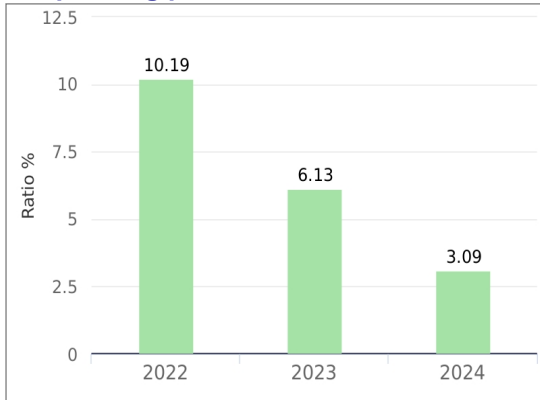
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2023/24 result

2023/24 ratio 3.09%

Although operating revenue excluding capital grants has been steady this year, remaining at about \$102 million, operating expenses have increased by about \$2.5 million.

Depreciation expense has increased by \$2.5 million and employee benefits and oncosts have increased by \$4 million, however materials and consumables have decreased by \$4 million.

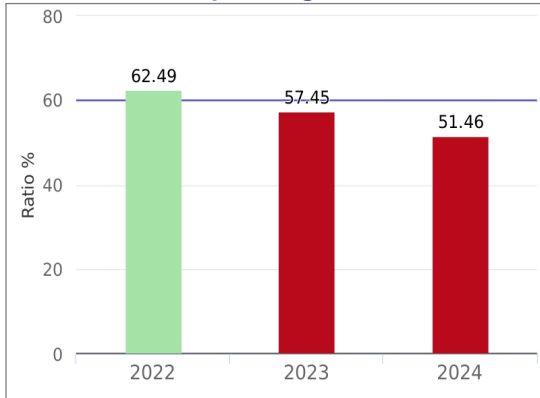
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2023/24 result

2023/24 ratio 51.46%

Whilst Council's own source revenue from rates and annual charges has increased by approximately \$2.4 million and interest and investment income has increased by approximately \$2.7 million from the prior year, grants and contributions have also increased by an amount of \$18.7 million.

This increase of grants and contributions includes \$24.4 million of non-cash contributions.

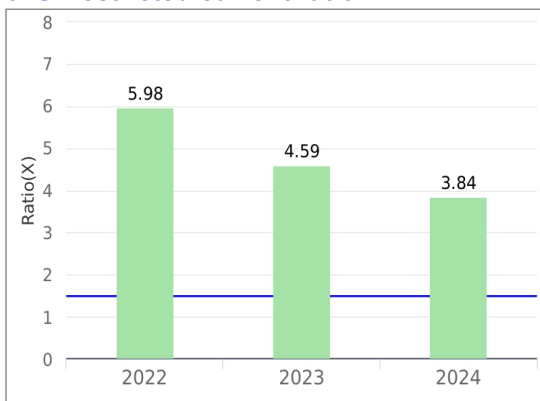
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2023/24 result

2023/24 ratio 3.84x

Council continues to maintain adequacy of working capital.

Council's current unrestricted assets have increased marginally this year. Council's current liabilities have also increased, however a larger portion of those liabilities are restricted due to contract liabilities relating to unspent grants

Benchmark: — > 1.50x

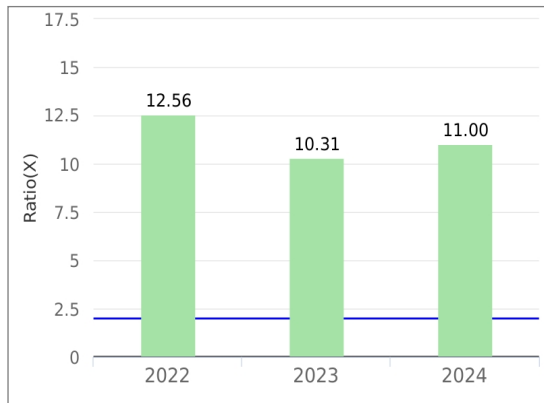
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 11.00x

The improvement in this ratio is due to the fact debt servicing costs have decreased due to repayment of a loan in 2024/25, resulting in debt repayment reducing by \$200,000 this financial year compared to 2022/23.

Council's operating result has remained steady

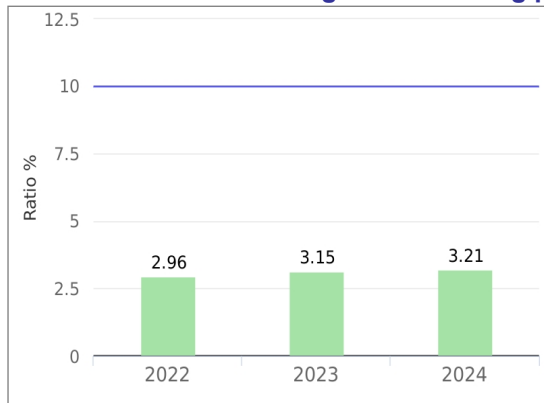
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 3.21%

Outstanding rates and annual charges increased by 100k compared to last year whilst rates and annual charges revenue has increased by \$2.4 million.

Council's rates and annual charges outstanding percentage has remained steady.

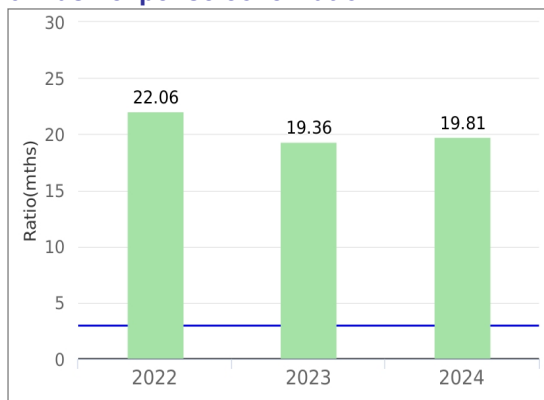
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 19.81 months

Council's cash, cash equivalents and term deposits increased by \$9 million, whilst cash payments from operating and financing activities has increased by \$3 million.

Council's cash expense cover ratio has remained steady.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Financial review (unaudited)

Key financial figures of Council over the past 5 years

	2024 \$ '000	2023 \$ '000	2022 \$ '000	2021 \$ '000	2020 \$ '000
Inflows:					
Rates and annual charges revenue	47,494	45,068	44,707	43,720	39,281
User charges revenue	25,159	26,658	16,599	19,108	16,919
Interest and investment revenue (losses)	6,163	3,414	836	974	1,650
Grants income – operating and capital	65,328	44,117	35,254	44,341	37,253
Total income from continuing operations	159,599	137,790	106,235	115,662	102,168
Sale proceeds from IPPE	2,558	587	3,045	3,087	543
New loan borrowings and advances	6,350	–	7,400	–	1,000
Outflows:					
Employee benefits and on-cost expenses	35,013	31,170	29,479	26,524	25,321
Borrowing costs	711	783	533	691	832
Materials and contracts expenses	35,396	39,015	24,083	22,945	23,221
Total expenses from continuing operations	100,867	98,319	75,145	74,251	77,207
Total cash purchases of IPPE	51,583	42,333	36,289	49,529	36,392
Total loan repayments (incl. leases)	1,800	1,994	1,637	1,535	2,093
Operating surplus/(deficit) (excl. capital income)	692	3,829	8,178	8,041	5,328
Financial position figures					
Current assets	141,369	124,759	102,312	97,120	92,587
Current liabilities	43,620	43,688	33,696	31,149	24,844
Net current assets	97,749	81,071	68,616	65,971	67,743
Available working capital (Unrestricted net current assets)	19,164	14,865	18,146	12,400	11,463
Cash and investments – unrestricted	23,886	15,005	18,235	13,177	14,344
Cash and investments – internal restrictions	37,320	38,988	40,284	28,056	20,426
Cash and investments – total	151,334	142,341	127,770	103,633	86,979
Total borrowings outstanding (loans, advances and finance leases)	18,956	14,335	16,273	10,441	11,923
Total value of IPPE (excl. land and earthworks)	1,786,278	1,641,231	1,458,726	1,327,095	1,283,824
Total accumulated depreciation	490,675	454,786	395,338	345,634	334,411
Indicative remaining useful life (as a % of GBV)	73%	72%	73%	74%	74%

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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Mid-Western Regional Council

To the Councillors of Mid-Western Regional Council

Opinion

I have audited the accompanying financial statements of Mid-Western Regional 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 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 2024, 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 2024 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 B4-1 '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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY



Cr Des Kennedy
 Mayor
 Mid-Western Regional Council
 86 Market Street
 MUDGEE NSW 2850

Contact: Cassie Malone
 Phone no: 02 9275 7388
 Our ref: R008-2124742775-8180

30 October 2024

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2024
 Mid-Western Regional Council**

I have audited the general purpose financial statements (GPFS) of Mid-Western Regional Council (the Council) for the year ended 30 June 2024 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 2024 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

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	47.5	45.1	↑ 5.3
Grants and contributions revenue	76.9	58.1	↑ 32.4
Operating result from continuing operations	58.7	39.5	↑ 48.6
Net operating result before capital grants and contributions	0.7	3.8	↓ 81.6

Rates and annual charges revenue (\$47.5 million) increased by \$2.4 million (5.3 per cent) in 2023–24 largely due to the rate peg increase of 4 per cent.

Grants and contributions revenue (\$76.9 million) increased by \$18.8 million (32.4 per cent) in 2023–24 largely due to an increase of \$21.5 million of non-cash capital developer contributions recognised during the year, offset by receiving 85 per cent of the financial assistance grants for 2024-25 in advance (100 per cent in 2022-23).

Council’s operating result from continuing operations (\$58.7 million including depreciation, amortisation and impairment expense of \$24.0 million) was \$19.2 million higher than the 2022–23 result. This was largely driven by the increase in grants and contributions revenue outlined above.

The net operating result before capital grants and contributions (\$0.7 million) was \$3.1 million lower than the 2022–23 result.

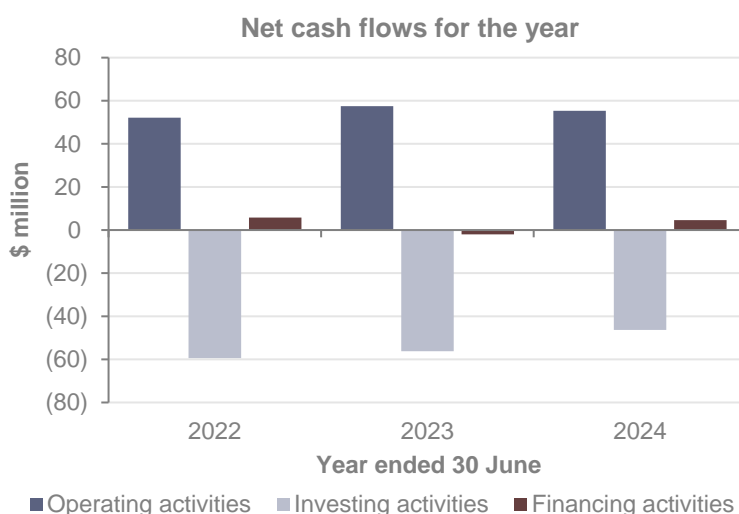
STATEMENT OF CASH FLOWS

Cash balances (\$18.1 million) increased by \$13.4 million (285 per cent) in 2023–24.

Net cash from investing activities increased this year due to a reduction in purchases and sales of term deposits compared to last year.

Net cash from financing activities increased this year due to an increase in proceeds from borrowings compared to last year.

Net cash flows from operating activities remained consistent.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	151.3	142.3	Externally restricted balances comprise mainly of developer contributions, unspent grant monies, and water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	90.1	88.3	
• Internal allocations	37.3	39.0	

Debt

At 30 June 2024, Council had \$19.0 million in secured loans (\$14.3 million in 2022–23).

PERFORMANCE

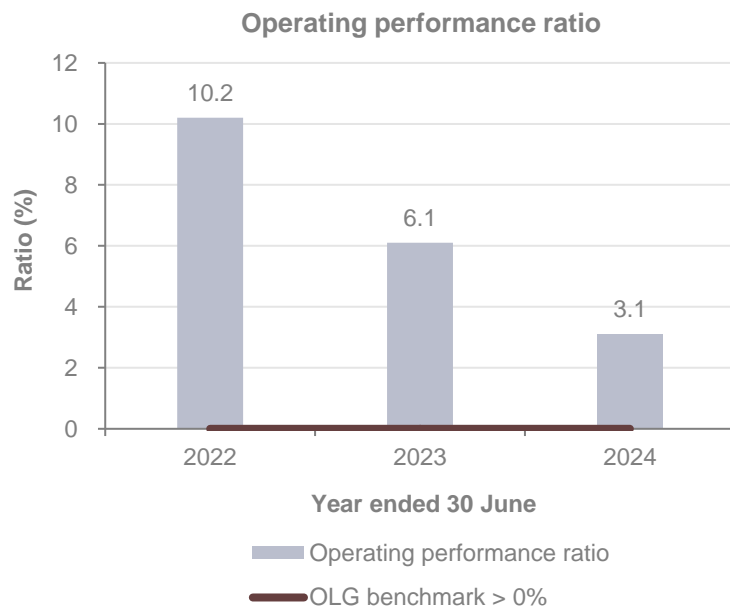
Performance measures

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, Housing and Infrastructure.

Operating performance ratio

Council met the benchmark for the current reporting period.

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



Own source operating revenue ratio

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

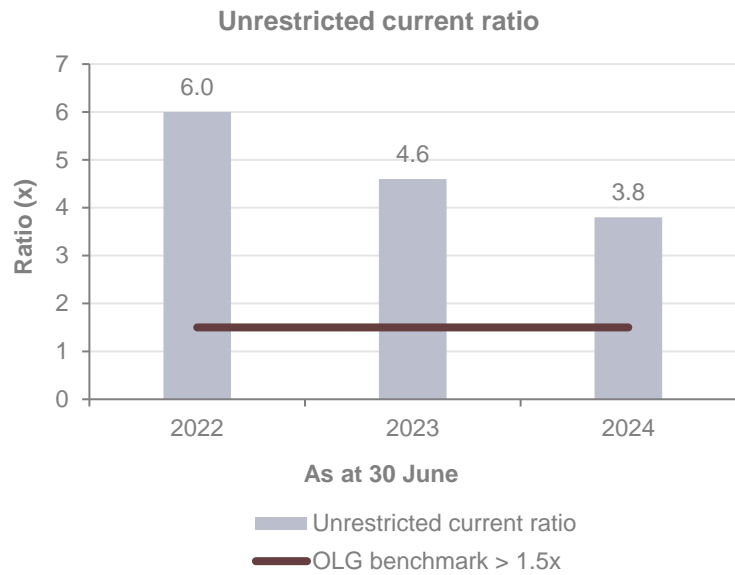
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council met the benchmark for the current reporting period.

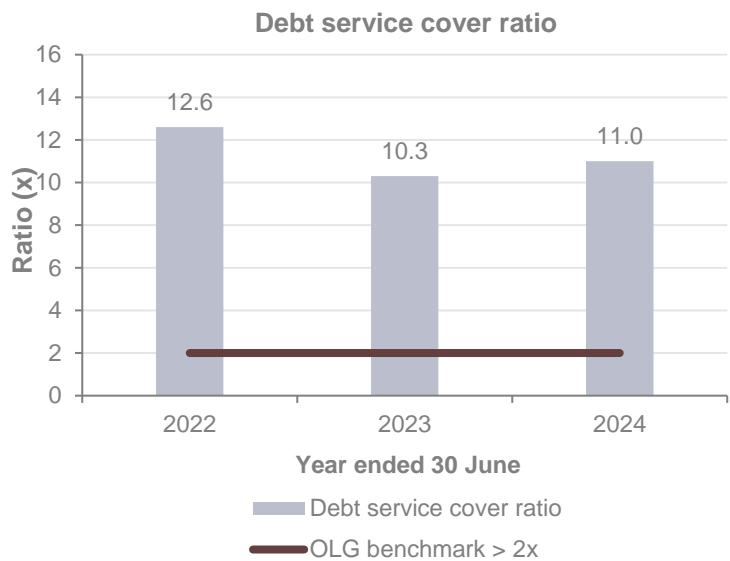
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council met the benchmark for the current reporting period.

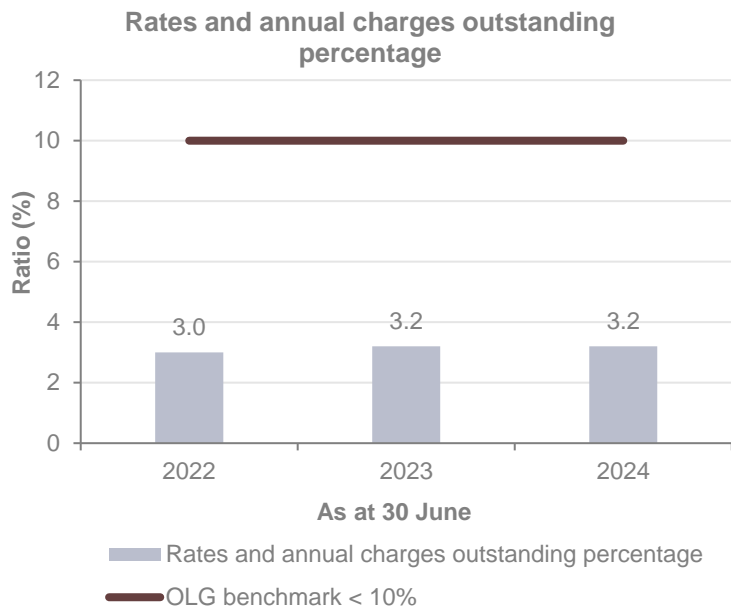
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

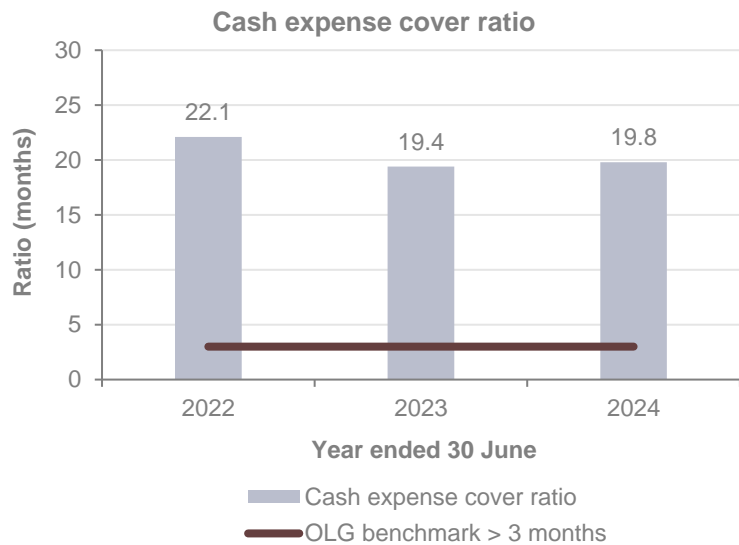
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council met the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$32.0 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on roads, bridges and footpaths. A further \$54.1 million was spent on new assets.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation 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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Mid-Western Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

A prosperous and progressive community we proudly call home.



Mid-Western Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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Mid-Western Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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 Climate Change, Energy, the Environment and Water's (DCCEEW) *Regulatory and assurance framework for local water utilities, July 2022*

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 16 October 2024.



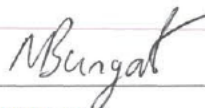
Des Kennedy
Mayor
16 October 2024



Alex Karavas
Deputy Mayor
16 October 2024



Brad Cam
General Manager
16 October 2024



Neil Bungate
Chief Financial Officer
16 October 2024

Mid-Western Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
Access charges	1,868	1,793
User charges	7,517	6,445
Interest and investment income	1,203	608
Grants and contributions provided for operating purposes	73	8
Total income from continuing operations	10,661	8,854
Employee benefits and on-costs	2,307	2,010
Borrowing costs	19	43
Materials and services	4,805	4,137
Depreciation, amortisation and impairment	2,907	2,638
Net loss from the disposal of assets	73	–
Total expenses from continuing operations	10,111	8,828
Surplus (deficit) from continuing operations before capital amounts	550	26
Grants and contributions provided for capital purposes	4,133	2,989
Surplus (deficit) from continuing operations after capital amounts	4,683	3,015
Surplus (deficit) from all operations before tax	4,683	3,015
Less: corporate taxation equivalent (25%) [based on result before capital]	(138)	(7)
Surplus (deficit) after tax	4,545	3,008
Plus accumulated surplus	67,753	64,741
Plus/less: prior period error	–	(3)
Plus/less: Transfer to retained earnings for asset disposals	40	–
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	138	7
Return on capital %	0.6%	0.1%
Subsidy from Council	3,605	3,646
Calculation of dividend payable:		
Surplus (deficit) after tax	4,546	3,008
Less: capital grants and contributions (excluding developer contributions)	(4,133)	(2,989)
Surplus for dividend calculation purposes	413	19
Potential dividend calculated from surplus	206	10

Mid-Western Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
Access charges	7,866	7,442
User charges	798	795
Interest and investment income	1,268	646
Grants and contributions provided for operating purposes	12	146
Other income	37	42
Total income from continuing operations	9,981	9,071
Employee benefits and on-costs	1,787	1,608
Borrowing costs	165	181
Materials and services	3,613	3,163
Depreciation, amortisation and impairment	2,782	2,544
Net loss from the disposal of assets	894	99
Total expenses from continuing operations	9,241	7,595
Surplus (deficit) from continuing operations before capital amounts	740	1,476
Grants and contributions provided for capital purposes	2,736	3,562
Surplus (deficit) from continuing operations after capital amounts	3,476	5,038
Surplus (deficit) from all operations before tax	3,476	5,038
Less: corporate taxation equivalent (25%) [based on result before capital]	(185)	(369)
Surplus (deficit) after tax	3,291	4,669
Plus accumulated surplus	63,204	58,058
Plus/less: Transfer to retained earnings for asset disposals	691	108
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	185	369
Return on capital %	0.9%	1.7%
Subsidy from Council	3,425	2,189
Calculation of dividend payable:		
Surplus (deficit) after tax	3,291	4,669
Less: capital grants and contributions (excluding developer contributions)	(2,736)	(3,562)
Surplus for dividend calculation purposes	555	1,107
Potential dividend calculated from surplus	278	554

Mid-Western Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
ASSETS		
Current assets		
Contract assets and contract cost assets	261	44
Cash and cash equivalents	2,978	729
Investments	17,925	14,892
Receivables	1,711	1,790
Inventories	304	172
Other	–	26
Total current assets	23,179	17,653
Non-current assets		
Investments	3,940	5,272
Infrastructure, property, plant and equipment	97,067	92,416
Total non-current assets	101,007	97,688
Total assets	124,186	115,341
LIABILITIES		
Current liabilities		
Contract liabilities	213	–
Payables	688	567
Borrowings	74	380
Total current liabilities	975	947
Non-current liabilities		
Borrowings	–	74
Total non-current liabilities	–	74
Total liabilities	975	1,021
Net assets	123,211	114,320
EQUITY		
Accumulated surplus	72,476	67,753
Revaluation reserves	50,735	46,567
Total equity	123,211	114,320

Mid-Western Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
ASSETS		
Current assets		
Contract assets and contract cost assets	12	1
Cash and cash equivalents	2,979	813
Investments	17,935	16,128
Receivables	253	270
Inventories	41	34
Other	–	26
Total current assets	21,220	17,272
Non-current assets		
Investments	3,942	5,710
Infrastructure, property, plant and equipment	100,707	95,679
Total non-current assets	104,649	101,389
Total assets	125,869	118,661
LIABILITIES		
Current liabilities		
Contract liabilities	51	15
Payables	59	342
Borrowings	654	636
Total current liabilities	764	993
Non-current liabilities		
Borrowings	5,103	5,757
Total non-current liabilities	5,103	5,757
Total liabilities	5,867	6,750
Net assets	120,002	111,911
EQUITY		
Accumulated surplus	67,371	63,204
Revaluation reserves	52,631	48,707
Total equity	120,002	111,911

Note – Material accounting policy information

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. Mid-Western Regional Council Water Supply

Comprising the activities and net assets of the water supply operations servicing the towns of Mudgee, Gulgong, Rylstone, and Kandos.

b. Mid-Western Regional Council Waste Water Services

Comprising the activities and net assets of the sewerage reticulation and treatment operations servicing the towns of Mudgee, Gulgong, Rylstone, and Kandos.

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – 25% (Last Year 25%)

Note – Material accounting policy information

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

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

In accordance with DCCEEW's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

Achievement of substantial compliance to DCCEEW's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (Last Year 25%).

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/06/24.

Note – Material accounting policy information

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with DCCEEW's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DCCEEW.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Mid-Western Regional Council

To the Councillors of Mid-Western Regional Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Mid-Western Regional 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 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information 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 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (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 Material accounting policy information 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 2024 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 Material accounting policy information 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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Mid-Western Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

*A prosperous and progressive community we proudly call
home.*



Mid-Western Regional Council

Special Schedules

for the year ended 30 June 2024

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Mid-Western Regional Council

Permissible income for general rates

	Notes	Calculation 2023/24 \$ '000	Calculation 2024/25 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	29,741	31,116
Plus or minus adjustments ²	b	158	232
Notional general income	c = a + b	29,899	31,348
Permissible income calculation			
Percentage increase	d	4.00%	4.50%
Plus percentage increase amount ³	f = d x (c + e)	1,196	1,411
Sub-total	g = (c + e + f)	31,095	32,759
Plus (or minus) last year's carry forward total	h	27	–
Less valuation objections claimed in the previous year	i	(6)	–
Sub-total	j = (h + i)	21	–
Total permissible income	k = g + j	31,116	32,759
Less notional general income yield	l	31,116	32,768
Catch-up or (excess) result	m = k – l	–	(9)
Plus income lost due to valuation objections claimed ⁴	n	–	9
Carry forward to next year ⁶	p = m + n + o	–	–

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Mid-Western Regional Council

To the Councillors of Mid-Western Regional Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Mid-Western Regional Council (the Council) for the year ending 30 June 2025.

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 2023–24 (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 2024 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 2024.

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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Mid-Western Regional Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings and other structures	Buildings	1,315	1,315	4,058	3,880	123,836	172,345	24.0%	2.0%	71.7%	2.3%	0.0%
	Other structures	19	19	–	–	603	1,020	59.9%	28.5%	6.6%	3.3%	1.7%
	Sub-total	1,334	1,334	4,058	3,880	124,439	173,365	24.2%	2.2%	71.3%	2.3%	0.0%
Roads	Roads	9,336	9,336	5,455	5,331	302,720	449,425	27.8%	46.6%	15.6%	7.4%	2.6%
	Bridges	5,370	5,370	177	87	76,119	140,449	9.9%	34.7%	40.8%	8.2%	6.4%
	Footpaths and Cycleways	174	174	68	49	11,098	17,925	41.9%	35.7%	18.2%	2.9%	1.3%
	Other road assets (incl. earthworks)	16,161	16,161	58	53	411,124	429,604	11.1%	36.8%	38.1%	7.4%	6.6%
	Sub-total	31,041	31,041	5,758	5,520	801,061	1,037,403	18.7%	40.7%	28.4%	7.4%	4.8%
Water supply network	Water supply network	10,394	10,394	3,373	3,598	88,492	164,854	21.8%	25.6%	35.9%	10.2%	6.5%
	Sub-total	10,394	10,394	3,373	3,598	88,492	164,854	21.8%	25.6%	35.9%	10.2%	6.5%
Sewerage network	Sewerage network	19,101	19,101	2,333	2,450	95,805	162,486	30.1%	30.0%	8.5%	19.8%	11.6%
	Sub-total	19,101	19,101	2,333	2,450	95,805	162,486	30.1%	30.0%	8.5%	19.8%	11.6%
Stormwater drainage	Stormwater drainage	599	599	735	679	42,972	56,795	31.7%	7.7%	57.4%	2.9%	0.3%
	Sub-total	599	599	735	679	42,972	56,795	31.7%	7.7%	57.4%	2.9%	0.3%
Open space / recreational assets	Swimming pools	33	33	1,433	1,613	6,303	12,690	30.1%	22.9%	46.3%	0.6%	0.1%
	Other Recreational/Open Space	660	660	4,117	4,207	26,089	34,503	60.3%	20.6%	13.0%	5.8%	0.3%
	Sub-total	693	693	5,550	5,820	32,392	47,193	52.2%	21.2%	22.0%	4.4%	0.2%
Other infrastructure assets	Other infrastructure assets	601	601	1,380	1,452	24,917	36,044	44.2%	28.2%	22.7%	4.1%	0.8%
	Sub-total	601	601	1,380	1,452	24,917	36,044	44.2%	28.2%	22.7%	4.1%	0.8%
Total – all assets		63,763	63,763	23,187	23,399	1,210,078	1,678,140	22.6%	32.3%	32.3%	8.1%	4.7%

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

Mid-Western Regional Council

Report on infrastructure assets as at 30 June 2024

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

Mid-Western Regional Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	<u>27,757</u>	142.21%	77.45%	> 100.00%
Depreciation, amortisation and impairment	19,518			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>63,763</u>	5.13%	5.45%	< 2.00%
Net carrying amount of infrastructure assets	1,241,781			
Asset maintenance ratio				
Actual asset maintenance	<u>23,399</u>	100.91%	98.98%	> 100.00%
Required asset maintenance	23,187			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	<u>63,763</u>	3.80%	4.02%	
Gross replacement cost	1,678,140			

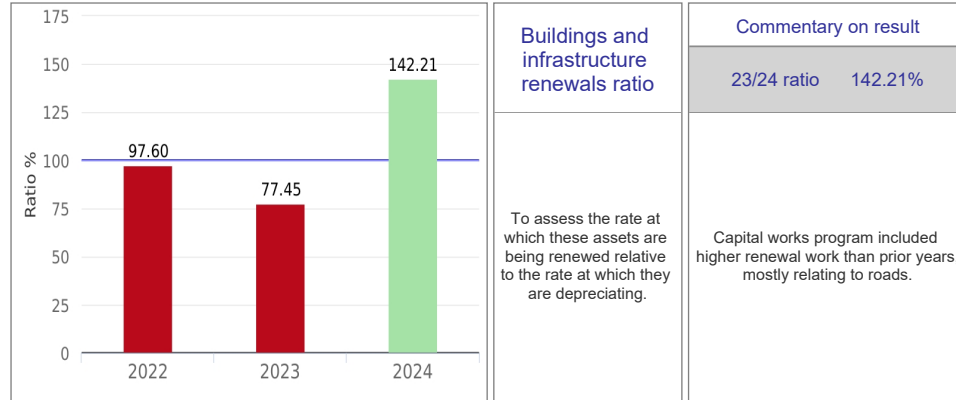
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Mid-Western Regional Council

Report on infrastructure assets as at 30 June 2024

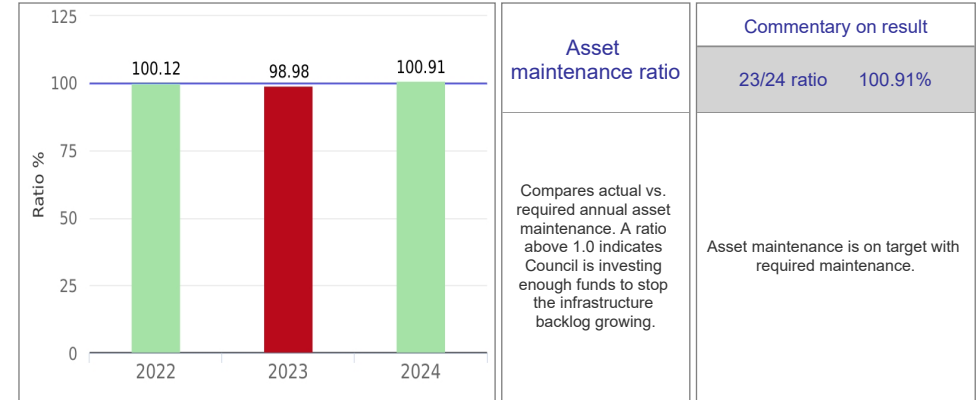
Buildings and infrastructure renewals ratio



Benchmark: — > 100.00% ■ Ratio achieves benchmark ■ Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

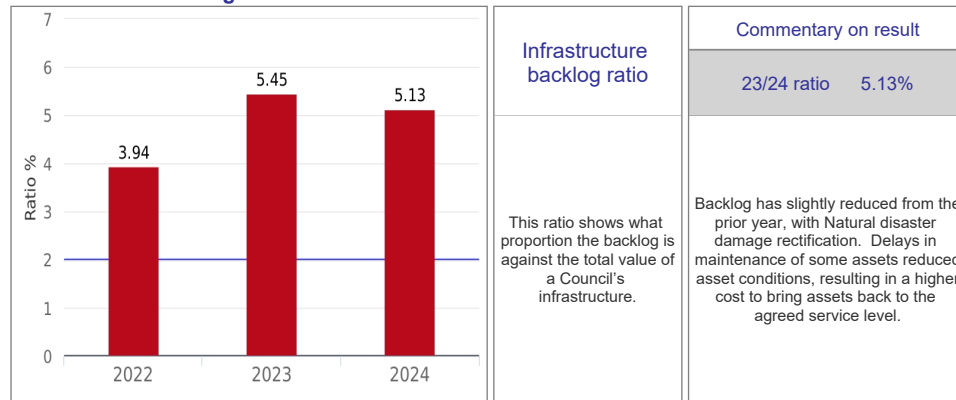
Asset maintenance ratio



Benchmark: — > 100.00% ■ Ratio achieves benchmark ■ Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

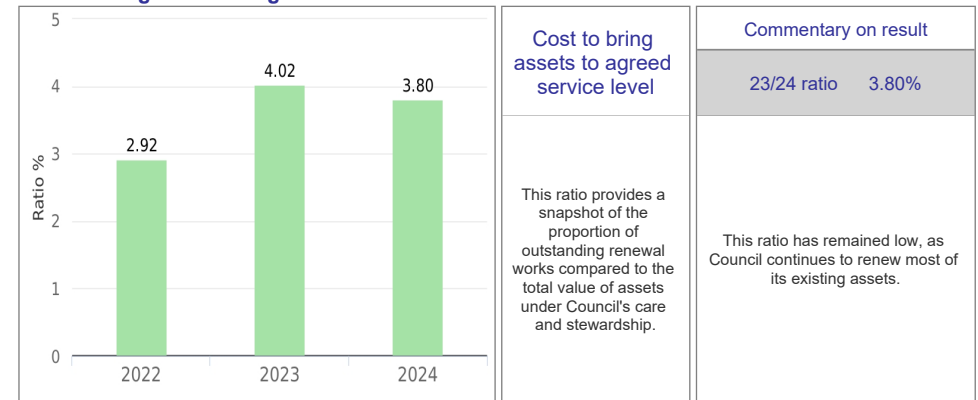
Infrastructure backlog ratio



Benchmark: — < 2.00% ■ Ratio achieves benchmark ■ Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Cost to bring assets to agreed service level



Mid-Western Regional Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	177.43%	105.45%	34.46%	3.96%	70.50%	13.71%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	3.25%	3.44%	11.47%	11.81%	19.50%	20.32%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	99.26%	98.76%	106.67%	103.45%	105.02%	95.09%	> 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	2.54%	2.67%	6.30%	6.53%	11.76%	12.31%	

(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.